

(3) not less than \$10,000,000 but less than \$125,000,000, then coverage under this chapter shall extend to loss or damage in excess of the first \$50,000 of loss or damage to items covered;

(4) not less than \$125,000,000 but less than \$200,000,<sup>1</sup> then coverage under this chapter shall extend to loss or damage in excess of the first \$100,000 of loss or damage to items covered; or

(5) \$200,000,000 or more, then coverage under the chapter shall extend only to loss or damage in excess of the first \$200,000, of loss or damage to items covered.

(Pub. L. 94-158, § 5, Dec. 20, 1975, 89 Stat. 845; Pub. L. 96-496, title III, §§ 301, 302, Dec. 4, 1980, 94 Stat. 2593; Pub. L. 99-194, title III, § 303, Dec. 20, 1985, 99 Stat. 1345; Pub. L. 100-202, § 101(g) [title II, § 201], Dec. 22, 1987, 101 Stat. 1329-213, 1329-249; Pub. L. 101-512, title III, § 318 [title III, § 301], Nov. 5, 1990, 104 Stat. 1960, 1976.)

#### AMENDMENTS

1990—Subsec. (b). Pub. L. 101-512, § 318 [title III, § 301(a)], substituted “\$3,000,000,000” for “\$1,200,000,000”.  
Subsec. (c). Pub. L. 101-512, § 318 [title III, § 301(b)(1)], substituted “\$300,000,000” for “\$125,000,000”.

Subsec. (d)(3). Pub. L. 101-512, § 318 [title III, § 301(b)(2)(B)], amended par. (3) generally. Prior to amendment, par. (3) read as follows: “\$10,000,000 or more, then coverage under this chapter shall extend only to loss or damage in excess of the first \$50,000 of loss or damage to items covered.”

Subsec. (d)(4), (5). Pub. L. 101-512, § 318 [title III, § 301(b)(2)(A), (C)], added pars. (4) and (5).

1987—Subsec. (b). Pub. L. 100-202 substituted “\$1,200,000,000” for “\$650,000,000”.

Subsec. (c). Pub. L. 100-202 substituted “\$125,000,000” for “\$75,000,000”.

1985—Subsec. (b). Pub. L. 99-194, § 303(a), substituted “\$650,000,000” for “\$400,000,000”.

Subsec. (c). Pub. L. 99-194, § 303(b), substituted “\$75,000,000” for “\$50,000,000”.

1980—Subsec. (b). Pub. L. 96-496, § 301, substituted “\$400,000,000” for “\$250,000,000”.

Subsec. (d). Pub. L. 96-496, § 302, substituted provisions relating to deductible amounts under indemnity agreements for provisions limiting coverage under this chapter to loss or damage in excess of the first \$15,000 resulting from a single exhibition.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-512 effective Oct. 1, 1990, see section 318 [title IV, § 403(b)] of Pub. L. 101-512, set out as a note under section 951 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 975 of this title.

### § 975. Claims for losses

#### (a) Regulations for prompt adjustment

The Council shall prescribe regulations providing for prompt adjustment of valid claims for losses which are covered by an agreement made pursuant to section 974 of this title, including provision for arbitration of issues relating to the dollar value of damages involving less than total loss or destruction of such covered objects.

#### (b) Certification

In the case of a claim of loss with respect to an item which is covered by an agreement made

pursuant to section 974 of this title, the Council shall certify the validity of the claim and the amount of the loss to the Speaker of the House of Representatives and the President pro tempore of the Senate.

(Pub. L. 94-158, § 6, Dec. 20, 1975, 89 Stat. 845.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 976 of this title.

### § 976. Authorization of appropriations

There are hereby authorized to be appropriated such sums as may be necessary (1) to enable the Council to carry out its functions under this chapter, and (2) to pay claims certified pursuant to section 975(b) of this title.

(Pub. L. 94-158, § 7, Dec. 20, 1975, 89 Stat. 846.)

### § 977. Annual report to Congress

The Council shall report annually to the Congress (1) all claims actually paid pursuant to this chapter during the preceding fiscal year, (2) pending claims against the Council under this chapter as of the close of that fiscal year, and (3) the aggregate face value of contracts entered into by the Council which are outstanding at the close of that fiscal year.

(Pub. L. 94-158, § 8, Dec. 20, 1975, 89 Stat. 846.)

## CHAPTER 27—NATIONAL VOCATIONAL STUDENT LOAN INSURANCE

### §§ 981 to 996. Repealed. Pub. L. 90-575, title I, § 116(c)(1), Oct. 16, 1968, 82 Stat. 1024

Section 981, Pub. L. 89-287, § 2, Oct. 22, 1965, 79 Stat. 1037; Pub. L. 90-460, § 2(d)(3), Aug. 3, 1968, 82 Stat. 634, set forth Congressional declaration of purpose for the chapter and authorized appropriations to carry out such purpose.

Section 981 note, Pub. L. 89-287, § 1, Oct. 22, 1965, 79 Stat. 1037, provided that Pub. L. 89-287, which enacted this chapter, be cited as the National Vocational Loan Insurance Act of 1965.

Section 982, Pub. L. 89-287, § 3, Oct. 22, 1965, 79 Stat. 1037, authorized Commissioner to make advances to State and nonprofit private loan insurance programs.

Section 983, Pub. L. 89-287, § 4, Oct. 22, 1965, 79 Stat. 1038, prohibited Commissioner from issuing certificates of insurance to lenders in States having adequate non-Federal loan insurance programs.

Section 984, Pub. L. 89-287, § 5, Oct. 22, 1965, 79 Stat. 1038; Pub. L. 90-460, § 1(b)(1), Aug. 3, 1968, 82 Stat. 634, set forth scope and duration of loan insurance program of this chapter.

Section 985, Pub. L. 89-287, § 6, Oct. 22, 1965, 79 Stat. 1039, limited annual and aggregate amounts available to individuals as loans and covered by insurance under this chapter.

Section 986, Pub. L. 89-287, § 7, Oct. 22, 1965, 79 Stat. 1039, provided for insurance coverage for loans made by eligible lenders, regardless of source of such loaned funds.

Section 987, Pub. L. 89-287, § 8, Oct. 22, 1965, 79 Stat. 1039; Pub. L. 90-460, § 2(c)(1), Aug. 3, 1968, 82 Stat. 634, set forth prerequisites of student eligibility and terms and conditions of note executed by student.

Section 988, Pub. L. 89-287, § 9, Oct. 22, 1965, 79 Stat. 1041; Pub. L. 90-460, § 1(b)(2), 2(c)(2), (d), Aug. 3, 1968, 82 Stat. 634, provided for reduction of student interest costs by Federal payments.

Section 989, Pub. L. 89-287, § 10, Oct. 22, 1965, 79 Stat. 1043, Pub. L. 90-460, § 1(b)(3), Aug. 3, 1968, 82 Stat. 634, authorized Commissioner to make direct loans to stu-

<sup>1</sup> So in original. Probably should be “\$200,000,000.”

dents residing in areas where loans insurable under this chapter are unavailable.

Section 990, Pub. L. 89-287, §11, Oct. 22, 1965, 79 Stat. 1043, provided for certificates of insurance to be issued to eligible lenders.

Section 991, Pub. L. 89-287, §12, Oct. 22, 1965, 79 Stat. 1045, set forth procedure for collection in case of default, death, or disability of student borrower.

Section 992, Pub. L. 89-287, §13, Oct. 22, 1965, 79 Stat. 1046, established Vocational Student Loan Insurance Fund.

Section 993, Pub. L. 89-287, §14, Oct. 22, 1965, 79 Stat. 1047, enumerated powers and duties of Commissioner with respect to carrying out purposes of this chapter.

Section 994, Pub. L. 89-287, §15, Oct. 22, 1965, 79 Stat. 1048, established Advisory Council on Insured Loans to Vocational Students in the Office of Education.

Section 995, Pub. L. 89-287, §16, Oct. 22, 1965, 79 Stat. 1048, authorized Federal credit unions to make insured loans to student members.

Section 996, Pub. L. 89-287, §17, Oct. 22, 1965, 79 Stat. 1048, defined “eligible institution”, “eligible lender”, “line of credit”, “State”, “Secretary”, and “Commissioner”.

#### EFFECTIVE DATE OF REPEAL

Repeal applicable to loans made on or after the 60th day after Oct. 16, 1968, see section 116(e) of Pub. L. 90-575.

#### TRANSFER OF ASSETS AND LIABILITIES OF THE VOCATIONAL STUDENT LOAN INSURANCE FUND

Section 116(c)(2) of Pub. L. 90-575 provided that: “All assets and liabilities of the vocational student loan insurance fund established by section 13 of the National Vocational Student Loan Insurance Act of 1965 [section 992 of this title], matured or contingent, shall be transferred to, and become assets and liabilities of, the student loan insurance fund established by section 431 of the Higher Education Act of 1965 [section 1081 of this title]. Payments in connection with defaults of loans made on or after the sixtieth day after the date of enactment of this Act [Oct. 16, 1968] and insured by the Commissioner (under the authority of subsection (e)(3) or (e)(4) of this section [set out as a note under section 1083 of this title]) under the National Vocational Student Loan Insurance Act of 1965 [sections 981 to 996 of this title] shall be paid out of the fund established by such section 431.”

## CHAPTER 28—HIGHER EDUCATION RESOURCES AND STUDENT ASSISTANCE

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## CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 1203a, 1206a, 1234i, 2397e, 3441, 6143 of this title; title 11 sections 362, 541; title 25 sections 13, 13d-2, 309b, 640c-2, 1809; title 26 sections 144, 150; title 42 sections 292a, 12651d, 14117.

## SUBCHAPTER I—PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

## CODIFICATION

Title I of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L. 89-329, title I, Nov. 8, 1965, 79 Stat. 1219, and amended by Pub. L. 90-575, Oct. 16, 1968, 82 Stat. 1014; Pub. L. 91-230, Apr. 13, 1970, 84 Stat. 121; Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 93-29, May 3, 1973, 87 Stat. 30; Pub. L. 93-380, Aug. 21, 1974, 88 Stat. 484; Pub. L. 93-644, Jan. 4, 1975, 88 Stat. 2291; Pub. L. 94-135, Nov. 28, 1975, 89 Stat. 713; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-96, Oct. 31, 1979, 93 Stat. 729; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 97-300, Oct. 13, 1982, 96 Stat. 1322; Pub. L. 98-524, Oct. 19, 1984, 98 Stat. 2435; Pub. L. 99-386, Aug. 22, 1986, 100 Stat. 821; Pub. L. 99-498, Oct. 17, 1986, 100 Stat. 1268; Pub. L. 100-418, Aug. 23, 1988, 102 Stat. 1107; Pub. L. 101-305, May 30, 1990, 104 Stat. 253; Pub. L. 101-610, Nov. 16, 1990, 104 Stat. 3127; Pub. L. 102-54, June 13, 1991, 105 Stat. 267. Such title is shown herein, however, as having been added by Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 459, without reference to such intervening amendments because of the extensive revision of the title's provisions by Pub. L. 102-325.

## SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in section 1143 of this title; title 42 sections 3013, 4763.

## PART A—SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS

## § 1001. Purpose

It is the purpose of this part to encourage partnerships between institutions of higher education or State higher education agencies and secondary schools serving low-income and disadvantaged students, to support programs that—

- (1) improve the retention and graduation rates at such secondary schools;
- (2) improve the academic skills of public and private nonprofit secondary school students;
- (3) increase such students' opportunities to continue a program of education after secondary school; and
- (4) improve such students' prospects for employment after secondary school.

(Pub. L. 89-329, title I, §101, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 459.)

## PRIOR PROVISIONS

A prior section 1001, Pub. L. 89-329, title I, §101, as added Pub. L. 99-498, title I, §101, Oct. 17, 1986, 100 Stat. 1278, related to congressional findings, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1001, Pub. L. 89-329, title I, §101, as added Pub. L. 96-374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1373, stated Congressional findings with respect to continuing postsecondary education program and planning, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1001, Pub. L. 89-329, title I, §101, Nov. 8, 1965, 79 Stat. 1219; Pub. L. 90-575, title II, §201, Oct. 16, 1968, 82 Stat. 1035; Pub. L. 92-318, title I, §101(a), June 23, 1972, 86 Stat. 236; Pub. L. 94-482, title I, §101(a), Oct. 12, 1976, 90 Stat. 2083; Pub. L. 96-49, §2, Aug. 13, 1979, 93 Stat. 351, authorized appropriations for the community service, continuing education, and lifelong learning program grant programs through fiscal year 1980, prior to the general revision of this subchapter by Pub. L. 96-374.

## EFFECTIVE DATE OF 1992 AMENDMENT

Section 2 of Pub. L. 102-325 provided that: “Except as otherwise provided in this Act (20 U.S.C. 1001 et seq.) [see Tables for classification], the amendments made by this Act shall take effect on October 1, 1992.”

## EFFECTIVE DATE OF 1987 AMENDMENT

Pub. L. 100-50, §27, June 3, 1987, 101 Stat. 363, provided that: “The amendments made by this Act [see Short Title of 1987 Amendment note below] shall take effect as if enacted as part of the Higher Education Amendments of 1986 [Pub. L. 99-498, see Short Title of 1986 Amendments note below].”

## EFFECTIVE DATE OF 1986 AMENDMENT

Section 2 of Pub. L. 99-498 provided that: “Except as otherwise provided in this Act, the amendments made by this Act [see Tables for classification] shall take effect on the date of enactment of this Act [Oct. 17, 1986].”

## EFFECTIVE DATE OF 1980 AMENDMENT

Section 1393 of Pub. L. 96-374 provided that: “(a) Except as provided in subsection (b), this Act and the amendments made by this Act [see Tables for classification] shall take effect on October 1, 1980.

“(b)(1) The amendment made by section 301 of this Act to title III of the Act [enacting subchapter III of this chapter] shall take effect October 1, 1981.

“(2) The amendment made by section 404(c)(4) of this Act to section 415C(b)(4) of the Act [amending section 1070c-2 of this title] shall be effective October 1, 1979.

“(3) The amendment made by section 405 to subpart 4 of part A of title IV of the Act [amending subpart 4 of part A of subchapter IV of this chapter generally] shall take effect October 1, 1981.

“(4) The amendments made by part B of title IV of this Act [enacting sections 1077a, 1078-2, 1083a, and 1087-1a of this title and amending sections 1074, 1075, 1077, 1078, 1078-1, 1080, 1082, 1085, 1087-1, and 1087-2 of this title] shall take effect, except as otherwise provided therein, on January 1, 1981, and to the extent such amendments make changes in such part B which affect student loans, such changes shall apply to outstanding loans as well as to loans made after the amendments take effect, except that the amendments made by section 415(b) [amending sections 1077(a)(2)(B) and 1078(b)(1)(E) of this title] shall apply with respect to any loan to cover the cost of instruction for any period of instruction beginning on or after January 1, 1981, to any student borrower who has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under part B of title IV of the Higher Education Act of 1965 [part B of subchapter IV of this chapter] on the date on which the borrower enters into the note or other written evidence of the loan.

“(5) The amendments made by part D of title IV of this Act [enacting sections 1087cc-1, 1087hh, and 1087ii of this title and amending sections 1087aa to 1087gg of this title] shall apply to loans made under part E of the Act [part D of subchapter IV of this chapter] on or after October 1, 1980.

“(6) The amendment made by section 701 of this Act adding section 731 of the Act [section 1132d of this title] shall apply to loans made under section 731 on or after October 1, 1980.”

## EFFECTIVE DATE OF 1976 AMENDMENT

Section 532 of Pub. L. 94-482 provided that: “The provisions of this Act [see Tables for classification] and the amendments made by this Act shall take effect 30 days after the date of the enactment of this Act [Oct. 12, 1976] except—

“(1) as specifically otherwise provided; and

“(2) that each amendment made by this Act (not subject to clause (1) of this section) providing for authorization of appropriations shall take effect July 1, 1976.”

## SHORT TITLE OF 1994 AMENDMENT

Pub. L. 103-382, title III, §360B(a), Oct. 20, 1994, 108 Stat. 3969, provided that: “This section [amending section 1092 of this title and enacting provisions set out as a note under section 1092 of this title] may be cited as the ‘Equity in Athletics Disclosure Act’.”

## SHORT TITLE OF 1993 AMENDMENTS

Pub. L. 103-208, §1(a), Dec. 20, 1993, 107 Stat. 2457, provided that: “This Act [see Tables for classification] may be cited as the ‘Higher Education Technical Amendments of 1993’.”

Pub. L. 103-66, title IV, §4011(a), Aug. 10, 1993, 107 Stat. 341, provided that: “This subtitle [subtitle A (§§4011-4047) of title IV of Pub. L. 103-66, amending sections 1072, 1078, 1078-3, 1078-8, 1085, 1087-2, and 1087a to 1087h of this title, repealing section 1078-1 of this title, omitting sections 1087i and 1087j of this title, and enacting provisions set out as notes under sections 1078, 1078-3, and 1078-8 of this title] may be cited as the ‘Student Loan Reform Act of 1993’.”

## SHORT TITLE OF 1992 AMENDMENT

Section 1(a) of Pub. L. 102-325 provided that: “This Act [see Tables for classification] may be cited as the ‘Higher Education Amendments of 1992’.”

## SHORT TITLE OF 1991 AMENDMENT

Pub. L. 102-26, §1(a), Apr. 9, 1991, 105 Stat. 123, provided that: “This Act [enacting section 1211b of this title, amending sections 1078, 1078-1, 1085, 1087ss, 1088, 1091, 1091a, 1092, 1094, and 1141 of this title, enacting provisions set out as notes under sections 1070, 1078-1, 1088, and 1091a of this title, amending provisions set out as a note under section 1092 of this title, and repealing provisions set out as a note under section 1088 of this title] may be cited as the ‘Higher Education Technical Amendments of 1991’.”

## SHORT TITLE OF 1990 AMENDMENTS

Pub. L. 101-542, §1, Nov. 8, 1990, 104 Stat. 2381, provided that: “This Act [amending sections 1085, 1092, 1094, and 1232g of this title and enacting provisions set out as notes under this section and section 1092 of this title] may be cited as the ‘Student Right-To-Know and Campus Security Act’.”

Pub. L. 101-542, title I, §101, Nov. 8, 1990, 104 Stat. 2381, provided that: “This title [amending section 1092 of this title and enacting provisions set out as notes under section 1092 of this title] may be cited as the ‘Student Right-To-Know Act’.”

Pub. L. 101-542, title II, §201, Nov. 8, 1990, 104 Stat. 2384, provided that: “This title [amending sections 1092, 1094, and 1232g of this title and enacting provisions set out as notes under section 1092 of this title] may be cited as the ‘Crime Awareness and Campus Security Act of 1990’.”

Pub. L. 101-508, title III, §3001, Nov. 5, 1990, 104 Stat. 1388-25, provided that: “This subtitle [subtitle A (§§3001-3008) of title III of Pub. L. 101-508, amending sections 1078, 1078-1, 1078-7, 1085, 1088, and 1091 of this title and sections 362, 541, and 1328 of Title 11, Bankruptcy, enacting provisions set out as notes under sections 1078-7, 1085, and 1088 of this title and sections 362 and 1328 of Title 11, and amending provisions set out as a note under section 1078-1 of this title] may be cited as the ‘Student Loan Default Prevention Initiative Act of 1990’.”

## SHORT TITLE OF 1989 AMENDMENT

Pub. L. 101-239, title II, §2001, Dec. 19, 1989, 103 Stat. 2111, provided that: “This subtitle [subtitle A (§§2001-2009) of title II of Pub. L. 101-239, enacting section 1078-7 of this title, amending sections 1077, 1078, 1078-1, 1078-6, 1082, 1085, 1087dd, 1087tt, 1088, 1092b, and 1094 of this title, and enacting provisions set out as notes under sections 1077, 1078, 1078-1, and 1078-6 of this title] may be cited as the ‘Student Loan Reconciliation Amendments of 1989’.”

## SHORT TITLE OF 1987 AMENDMENT

Pub. L. 100-50, §1(a), June 3, 1987, 101 Stat. 335, provided that: “This Act [enacting sections 1059a, 1087tt, 1087uu, 1087uu-1, and 1145d-1 of this title, amending sections 1057, 1058, 1062, 1063a to 1063c, 1065, 1066, 1067, 1069a, 1070a to 1070a-4, 1070a-6, 1070b-3, 1070c-4, 1070d-1b, 1070d-2, 1070e-1, 1070f, 1075, 1077, 1077a, 1078 to 1078-3, 1078-5, 1078-6, 1080a, 1081 to 1083, 1085, 1087-1, 1087-2, 1087d, 1087bb, 1087cc, 1087cc-1, 1087dd, 1087ee, 1087oo to 1087ss, 1087vv, 1088, 1089 to 1091, 1092 to 1092b, 1095, 1096, 1098, 1109 to 1109d, 1111, 1111b, 1111f, 1111g, 1122, 1132a, 1132a-1, 1132d, 1132d-2, 1132g-3, 1132i-1, 1134h to 1134j, 1141, 1145e, 1221e, and 1221e-1 of this title, section 4604 of Title 22, Foreign Relations and Intercourse, and sections 2752, 2753, and 2756 of Title 42, The Public Health and Welfare, enacting provisions set out as notes under section 2752 of Title 42, and amending provisions set out as notes under sections 1011, 1071, 1087dd, 1087kk, 1091, 1121, 1145d, 1221-1, and 1221e-1 of this title and section 2753 of Title 42] may be cited as the ‘Higher Education Technical Amendments Act of 1987’.”

## SHORT TITLE OF 1986 AMENDMENTS

Section 1 of Pub. L. 99-498 provided that: “This Act [see Tables for classification] may be cited as the ‘Higher Education Amendments of 1986’.”

Pub. L. 99-320, §1, May 23, 1986, 100 Stat. 491, provided: “That this Act [amending sections 1078 and 1080a of this title and a provision set out as a note under section 1072 of this title] may be cited as the ‘Student Financial Assistance Technical Corrections Act of 1986’.”

Pub. L. 99-272, title XVI, §16001(a), Apr. 7, 1986, 100 Stat. 339, provided that: “This title [enacting sections 1078-3, 1080a, and 1091a of this title, amending sections 1072, 1074, 1075, 1077, 1078, 1080, 1082, 1083a, 1085, 1087-1, 1087-2, 1087cc, 1087cc-1, 1087dd, 1087gg, 1089, 1091, and 1094 of this title, enacting provisions set out as notes under sections 1072, 1078, and 1078-3 of this title, and amending provisions set out as a note under section 1078 of this title] may be cited as the ‘Student Financial Assistance Amendments of 1985’.”

## SHORT TITLE OF 1983 AMENDMENTS

Pub. L. 98-95, §1, Sept. 26, 1983, 97 Stat. 708, provided: “That this Act [enacting section 1065a of this title, amending section 1069c of this title, enacting provisions set out as a note under section 1132a-1 of this title, and amending provisions set out as notes under sections 123 and 1069c of this title] may be cited as the ‘Challenge Grant Amendments of 1983’.”

Pub. L. 98-79, §1, Aug. 15, 1983, 97 Stat. 476, provided: “That this Act [amending sections 1071, 1077, 1077a, 1078, 1078-2, 1083a, 1087-1, 1087-2, 1087cc-1, and 1098 of this title, repealing section 1087-1a of this title, enacting provisions set out as notes under sections 1077, 1077a, 1078, and 1087-1 of this title, and amending provisions set out as notes under sections 1070a, 1078, and 1089 of this title] may be cited as the ‘Student Loan Consolidation and Technical Amendments Act of 1983’.”

## SHORT TITLE OF 1982 AMENDMENT

Pub. L. 97-301, §1, Oct. 13, 1982, 96 Stat. 1400, which provided: “That this Act [amending sections 1070a, 1083a, 1087-2, and 1087cc-1 of this title and enacting provisions set out as notes under sections 1070a, 1070b-3, 1078, 1087bb, 1089, and 1221e-1 of this title and section 2752 of Title 42, The Public Health and Welfare] may be cited as the ‘Student Financial Assistance Technical Amendments Act of 1982’.”, was repealed by Pub. L. 99-498, title IV, §408(b), Oct. 17, 1986, 100 Stat. 1495, eff. with respect to any academic year beginning on or after July 1, 1988.

## SHORT TITLE OF 1981 AMENDMENT

Pub. L. 97-35, title V, subtitle B, §531, Aug. 13, 1981, 95 Stat. 450, provided that: “This subtitle [amending sections 1075, 1077, 1077a, 1078, 1078-1, 1078-2, 1087-1, 1087-2, 1087dd, 1089, 1096, and 1232 of this title, repealing

section 1087-3a of this title, and enacting provisions set out as notes under section 1078 of this title] may be cited as the ‘Postsecondary Student Assistance Amendments of 1981’.”

## SHORT TITLE OF 1980 AMENDMENT

Section 1 of Pub. L. 96-374 provided: “That this Act [enacting sections 239a, 1001 to 1005, 1011 to 1015, 1016 to 1019, 1021, 1022, 1029, 1031 to 1034, 1041, 1042, 1047 to 1047j, 1051, 1057 to 1069c, 1070d-1a to 1070d-2, 1077a, 1078-2, 1083a, 1087-1a, 1087cc-1, 1087hh, 1087ii, 1088 to 1098, 1119b to 1119b-5, 1119c to 1119c-2, 1121 to 1127, 1130 to 1132, 1132a to 1132a-1, 1132b to 1132c, 1132d to 1132d-4, 1132e, 1132e-1, 1134d to 1134p, 1135 to 1135a-3, 1136 to 1136d, 1143, 1144a, 1145, 1146, 1221e-1b, 1221e-4, and 3063 to 3065 of this title, section 640c-2 of Title 25, Indians, and sections 2753 and 2756b of Title 42, The Public Health and Welfare, amending sections 1070 to 1070c-3, 1070d, 1070d-1, 1070e to 1077, 1078, 1078-1, 1079, 1080 to 1083, 1085 to 1087-1, 1087-2, 1087aa to 1087cc, 1087dd to 1087gg, 1101 to 1104, 1119 to 1119a-1, 1133 to 1134c, 1135c-1, 1141, 1142, 1221e, 1226a, 1226c, and 1232 of this title, section 326a of Title 7, Agriculture, section 640c-1 of Title 25, sections 714 and 792 of Title 29, Labor, and sections 2751, 2752, and 2756 of Title 42, repealing sections 511 to 513, 1070c-4, 1070d-3, 1087-4, 1134q to 1134s, 1142a, 1142b, 1145, 1145a, 1145c, 1172 to 1174, 1176, 1177, and 1221d of this title and section 2754 of Title 42, enacting provisions set out as notes under sections 236, 1001, 1119b, and 1221-1 of this title and section 301 of Title 7, and amending provisions set out as notes under section 236 of this title and section 301 of Title 7] may be cited as the ‘Education Amendments of 1980’.”

## SHORT TITLE OF 1979 AMENDMENT

Section 1 of Pub. L. 96-49 provided: “That this Act [enacting section 1087gg of this title, amending this section and sections 513, 1021, 1042, 1051, 1070a, 1070b, 1070c, 1070d, 1070d-2, 1070e-1, 1078, 1087-1, 1087aa, 1088, 1101, 1119, 1121, 1132a, 1132b, 1132c, 1132c-4, 1134, 1134e, 1134i, 1134n, 1134r-1, 1135, 1135a, 1136b, 1142b, 1221d, and 1221e of this title, enacting provisions set out as notes under sections 1070a, 1087-1, 1087gg, and 1088 of this title, and amending provisions set out as a note under section 1070a of this title] may be cited as the ‘Higher Education Technical Amendments of 1979’.”

## SHORT TITLE OF 1978 AMENDMENTS

Section 1 of Pub. L. 95-566 provided: “That this Act [enacting section 1087-3a of this title, amending sections 1070a, 1070c-2, 1070d-1, 1075, 1077, 1078, 1088 and 1088f of this title, and enacting provisions set out as a note under this section] may be cited as the ‘Middle Income Student Assistance Act’.”

Section 1 of Pub. L. 95-336 provided: “That this Act [amending section 1070e-1 of this title, sections 1001, 1002, and 1007 of Title 21, Food and Drugs, and former section 246 of Title 38, Veterans’ Benefits, and enacting provisions set out as a note under section 1070e-1 of this title] may be cited as the ‘Alcohol and Drug Abuse Education Amendments of 1978’.”

## SHORT TITLE OF 1976 AMENDMENTS

Section 1 of Pub. L. 94-482 provided: “That this Act [see Tables for classification] may be cited as the ‘Education Amendments of 1976’.”

Pub. L. 94-328, §1, June 30, 1976, 90 Stat. 727, provided: “That this joint resolution [amending sections 1070a, 1074, 1078 and 1078a of this title and enacting provisions set out as notes under section 1226a of this title and section 2756 of Title 42, The Public Health and Welfare] may be cited as the ‘Emergency Technical Provisions Act of 1976’.”

## SHORT TITLE OF 1972 AMENDMENT

Section 1 of Pub. L. 92-318 provided: “That this Act [enacting chapter 36 (§1601 et seq.), chapter 37 (§1651 et seq.), chapter 38 (§1681 et seq.), and sections 241aa to 241ff, 887c, 887d, 900 to 900a-5, 1005a, 1021, 1031, 1042, 1070

to 1070e, 1070e-1, 1087-1, 1087-2, 1087aa to 1087ff, 1088d to 1088g, 1119a, 1132a to 1132e-1, 1134 to 1134s, 1135, 1135a, 1135b to 1135c, 1135c-1, 1142a, 1142b, 1144a, 1145a, 1211a, 1221a to 1221h, 1227 of this title, and section 326a of Title 7, Agriculture, and 2756a of Title 42, The Public Health and Welfare, amending this section and sections 240, 241c, 241e, 331a, 332, 421, 441, 511, 513, 822, 823, 842, 843, 863, 880b-3a, 1003, 1011, 1021, 1022 to 1024, 1027, 1031, 1033, 1041, 1051 to 1056, 1061, 1068, 1070, 1074, 1075, 1077, 1078, 1078a, 1080, 1083, 1084, 1087, 1087a, 1087c, 1088, 1088c, 1091, 1091a to 1091c, 1101, 1102, 1108 to 1111, 1115, 1116, 1118, 1119, 1119a, 1119b-2, 1121, 1129, 1133, 1133a, 1134j, 1136, 1136a, 1136b, 1141, 1176, 1231, 1231a, 1232a, 1232c, 1242, 1244, 1248, 1302, 1321 to 1323, 1341, 1352, 1371, 1391, and 1412 of this title, and sections 329, 331, 343, 349, 361, and 1626 of Title 7, sections 24, 84, 1464, and 1757 of Title 12, Banks and Banking, sections 203 and 213 of Title 29, Labor, and sections 2751, 2752, and 2754 of Title 42, repealing sections 1, 2, 426, 711 to 721, 731, 732, 746, 1021, 1031, 1032, 1060, 1118, 1119a, 1119b-2, and 1119c-4 of this title, and enacting provisions set out as notes under this section and sections 241a, 241e, 241aa, 331a, 425, 821, 887d, 1005a, 1009, 1070, 1070e, 1074, 1075, 1087-2, 1087aa, 1091a, 1132a, 1132c-3, 1135c, 1231, and 1232 of this title, sections 301 and 326a of Title 7, and section 3501 of Title 42] may be cited as the ‘Education Amendments of 1972’.”

#### SHORT TITLE OF 1968 AMENDMENT

Section 1 of Pub. L. 90-575 provided: “That this Act [enacting sections 451 to 455, 746, 1056, 1060, 1087, 1087a to 1087c, 1088 to 1088c, 1089, 1119a-1, 1129a, 1133 to 1133b, 1134 to 1134f, 1135, 1135a, 1135b, 1135c, 1136 to 1136b, 1145, 1146 to 1150 of this title, amending this section and sections 403, 421 to 425, 425 note, 426, 441 to 445, 462 to 464, 481 to 484, 511, 513, 562, 581, 584, 588, 591, 711, 713 to 718, 731, 732, 743, 751, 758, 961, 1005, 1006, 1021 to 1024, 1031, 1033, 1041, 1051, 1061, 1062, 1065 to 1068, 1071 to 1075, 1077, 1078, 1080, 1083 to 1086, 1091c, 1101, 1104, 1108 to 1111, 1113, 1114, 1115, 1118, 1119a, 1119b-2, 1121, 1124, 1125, 1141, 1142, 1143, 1144 and 1176 of this title, section 1464 of Title 12, Banks and Banking, and sections 2741, 2751 to 2756, and 2809 of Title 42, The Public Health and Welfare, repealing sections 733, 981 to 996 of this title, and section 2757 of Title 42, and enacting provisions set out as notes under this section and sections 423 to 425, 445, 462 to 464, 588, 713, 716 to 718, 743, 751, 981, 1006, 1022, 1024, 1051, 1056, 1060, 1067, 1071, 1077, 1078, 1083, 1088b, and 1109 of this title, and sections 2751, 2753, 2754, and 2809 of Title 42] may be cited as the ‘Higher Education Amendments of 1968’.”

#### SHORT TITLE OF 1966 AMENDMENT

Pub. L. 89-752, §1, Nov. 3, 1966, 80 Stat. 1240, provided: “That this Act [enacting section 1086 of this title, amending sections 403, 421, 425, 441, 443, 711-715, 731, 743, 744, 751, 1022, 1051, 1072, 1121, and 1124 of this title, and enacting provisions set out as notes under sections 403, 443, 1022, 1071, and 1124 of this title] may be cited as the ‘Higher Education Amendments of 1966’.”

#### SHORT TITLE

Section 1 of Pub. L. 89-329 provided: “That this Act [enacting this chapter and section 2757 of Title 42, The Public Health and Welfare, and amending sections 403, 424, 425, 441, 443, 591, 711, 713 to 717, 731, and 751 of this title, and sections 2751 to 2756, and 2761 of Title 42] may be cited as the ‘Higher Education Act of 1965’.”

Title V of Pub. L. 89-329, which enacted subchapter V of this chapter, is known as the “Education Professions Development Act”, see Short Title note set out under section 1119 of this title.

#### STYLISTIC CONSISTENCY

Pub. L. 103-208, §2(m), Dec. 20, 1993, 107 Stat. 2486, provided that: “The Act [Pub. L. 89-329, see Short Title note above] is amended so that the section designation and section heading of each section of the Act shall be in the form and typeface of the section designation and heading of this section [107 Stat. 2457].”

#### TERMS DEFINED FOR PURPOSES OF TITLES XIII, XIV, AND XV OF PUB. L. 102-325

Section 1(c) of Pub. L. 102-325 provided that: “Unless otherwise provided therein, terms used in titles XIII, XIV, and XV [enacting sections 1145h and 4426 of this title, sections 3301 to 3371 of Title 25, Indians, and sections 2401 to 2405 of Title 29, Labor, amending sections 1221e-1, 1232g, 3412, 4412, 4414, 4416, 4417, 4418, 4421, 4422, 4423, 4424, 4425, 5381, and 5411 of this title, section 5315 of Title 5, Government Organization and Employees, sections 4604 and 4609 of Title 22, Foreign Relations and Intercourse, sections 640c-1, 1810, 1836, and 1852 of Title 25, and sections 295g-8 and 12576 of Title 42, The Public Health and Welfare, enacting provisions set out as notes under sections 1070, 1070a-11, 1070a-21, 1071, 1080, 1088, 1101, 1132a, 1134, 1221-1, 1221e, 1232g, 1452, and 9003 of this title, amending provisions set out as a note under section 1091a of this title, and repealing provisions set out as a note under section 362 of Title 11, Bankruptcy] shall have the same meaning given to such terms in section 1201 of the Higher Education Act of 1965 [section 1141 of this title].”

#### GENERAL PROVISIONS OF 1972 AMENDMENT

Section 2 of Pub. L. 92-318 provided that:

“(a) As used in this Act [See Short Title of 1972 Amendment note above]—

“(1) the term ‘Secretary’ means the Secretary of Health, Education, and Welfare [now Secretary of Education]; and

“(2) the term ‘Commissioner’ means the Commissioner of Education [now Secretary of Education]; unless the context requires another meaning.

“(b) Unless otherwise specified, the redesignation of a section, subsection, or other designation by any amendment in this Act shall include the redesignation of any reference to such section, subsection, or other designation in any Act or regulation, however styled.

“(c)(1) Unless otherwise specified, each provision of this Act and each amendment made by this Act shall be effective after June 30, 1972, and with respect to appropriations for the fiscal year ending June 30, 1973, and succeeding fiscal years.

“(2) Unless otherwise specified, in any case where an amendment made by this Act is to become effective after a date set herein, it shall be effective with the beginning of the day which immediately follows the date after which such amendment is effective.

“(3) In any case where the effective date for an amendment made by this Act is expressly stated to be effective after June 30, 1971, such amendment shall be deemed to have been enacted on July 1, 1971.”

#### RULEMAKING REQUIREMENTS; PUBLICATION IN FEDERAL REGISTER

Section 505 of Pub. L. 90-575 provided for publication of rules and regulations in Federal Register, prior to repeal by Pub. L. 91-230, title IV, §401(e)(2), Apr. 13, 1970, 84 Stat. 173.

#### PRESIDENTIAL RECOMMENDATIONS BY DECEMBER 31, 1969, WITH RESPECT TO POST-SECONDARY EDUCATION FOR ALL

Section 508 of Pub. L. 90-575 authorized the President, on or before Dec. 31, 1969, to submit to the Congress proposals relative to the feasibility of making available a post-secondary education to all young Americans who qualify and seek it.

## § 1002. Agreement

### (a) Agreement

To be eligible for a grant under this part, an institution of higher education, a State higher education agency, or a consortium consisting of any of the preceding entities thereof shall enter into a written partnership agreement with a local educational agency. Such partnership may

include businesses, labor organizations, professional associations, community-based organizations, public television stations or other telecommunications entities, or other public or private agencies or organizations. Each entity participating in the partnership shall sign the agreement.

**(b) Contents of agreement**

The agreement shall include—

- (1) a listing of all participants in the partnership, including a designation of the official representatives of each entity participating in the partnership;
- (2) a description of the responsibilities of each participant in the partnership; and
- (3) a listing of the resources to be contributed by each participant in the partnership.

(Pub. L. 89-329, title I, §102, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 459.)

**PRIOR PROVISIONS**

A prior section 1002, Pub. L. 89-329, title I, §102, as added Pub. L. 99-498, title I, §101, Oct. 17, 1986, 100 Stat. 1278, defined terms “continuing education”, “adult learner”, “eligible institution”, and “qualified entity”, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1002, Pub. L. 89-329, title I, §102, as added Pub. L. 96-374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1374, provided for establishment of Commission on National Development in Postsecondary Education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1002, Pub. L. 89-329, title I, §102, Nov. 8, 1965, 79 Stat. 1219; Pub. L. 94-482, title I, §101(b)(1), (g)(2), Oct. 12, 1976, 90 Stat. 2083, 2086, defined the terms “community service program”, “continuing education program”, and “resource materials sharing programs”, prior to the general revision of this subchapter by Pub. L. 96-374.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1004 this title.

**§ 1003. Grants**

**(a) Division between school-year and summer programs**

From the funds appropriated to carry out this part pursuant to section 1006 of this title, the Secretary shall reserve 65 percent of such funds to carry out programs operating during the regular school year and 35 percent of such funds to carry out programs operating during the summer.

**(b) Amount and use of grants**

**(1) Amount**

The Secretary shall make grants under this part in amounts which are not less than \$250,000 and not more than \$1,000,000.

**(2) Permitted uses of funds**

Grants under this part may be used by the partnership for programs that—

- (A) use college students to tutor secondary school students and improve their basic academic skills or to involve secondary school students in community service-learning projects;
- (B) are designed to improve the basic academic skills of secondary school students;
- (C) are designed to increase the understanding of specific subjects of secondary school students;

(D) are designed to improve the opportunity to continue a program of education after graduation for secondary school students; and

(E) are designed to increase the prospects for employment after graduation of secondary school students.

**(c) Preferences**

In making grants under this part, the Secretary shall give a preference to—

- (1) programs which will serve predominantly low-income communities;
- (2) partnerships which will run programs during the regular school year and summer;
- (3) programs which will serve educationally disadvantaged students; students with disabilities; potential dropouts; pregnant adolescents and teenage parents; children of migratory agricultural workers or of migratory fishermen; or students whose native language is other than English; and
- (4) programs designed to encourage women and minorities who are underrepresented in the fields of science and mathematics to pursue these fields.

**(d) Duration**

Each grant awarded under this part may be awarded for a period not to exceed 5 years.

**(e) Equitable geographic distribution**

The Secretary shall award grants under this part in a manner that achieves an equitable geographic distribution of such grants.

(Pub. L. 89-329, title I, §103, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 459; amended Pub. L. 103-208, §2(a)(1), Dec. 20, 1993, 107 Stat. 2457.)

**PRIOR PROVISIONS**

A prior section 1003, Pub. L. 89-329, title I, §103, as added Pub. L. 99-498, title I, §101, Oct. 17, 1986, 100 Stat. 1279, related to limitation on contract authority, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1003, Pub. L. 89-329, title I, §103, as added Pub. L. 96-374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1375, related to duties of the Commission on National Development in Postsecondary Education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1003, Pub. L. 89-329, title I, §103, Nov. 8, 1965, 79 Stat. 1219; Pub. L. 92-318, title I, §102(a)(2), June 23, 1972, 86 Stat. 237; Pub. L. 94-482, title I, §101(b)(2), (g)(2), Oct. 12, 1976, 90 Stat. 2084, 2086; Pub. L. 95-43, §1(a)(1), June 15, 1977, 91 Stat. 213; Pub. L. 96-96, §1, Oct. 31, 1979, 93 Stat. 729, provided for the allotment of funds to States, prior to the general revision of this subchapter by Pub. L. 96-374.

**AMENDMENTS**

1993—Subsec. (b)(2). Pub. L. 103-208 realigned margins of subpars. (A) to (E).

**EFFECTIVE DATE OF 1993 AMENDMENT**

Section 5 of Pub. L. 103-208 provided that:

“(a) IN GENERAL.—Except as otherwise provided therein or in subsection (b) of this section, the amendments made by section 2 of this Act [see Tables for classification] shall be effective as if such amendments were included in the Higher Education Amendments of 1992 (Public Law 102-325), except that section 492 of the Act [section 1098a of this title] shall not apply to the amendments made by this Act [see Tables for classification].

“(b) EXCEPTIONS.—

“(1) EFFECTIVE ON OCTOBER 1, 1993.—The amendments made by the following subsections of section 2 of this Act shall be effective on and after October 1, 1993: (b)(29), (j)(28), (j)(36), and (j)(40) [amending sections 1070d–34, 1134e, 1134j, and 1134q of this title].

“(2) EFFECTIVE ON DATE OF ENACTMENT.—The amendments made by the following subsections of section 2 of this Act shall be effective on and after the date of enactment of this Act [Dec. 20, 1993]: (b)(2), (b)(7), (b)(28), (c)(3), (c)(5), (c)(13)(B), (c)(13)(C), (c)(18), (c)(30), (c)(62) [amending sections 1070a, 1070a–11, 1070d–33, 1075, 1077a, 1078, 1078–1, and 1085 of this title].

“(3) EFFECTIVE 30 DAYS AFTER ENACTMENT.—The amendments made by the following subsections of section 2 of this Act shall be effective on and after 30 days after the date of enactment of this Act [Dec. 20, 1993]: (c)(19), (c)(20), (c)(21), (c)(59) [amending sections 1078 and 1085 of this title].

“(4) EFFECTIVE 60 DAYS AFTER ENACTMENT.—The amendments made by the following subsections of section 2 of this Act shall be effective on and after 60 days after the date of enactment of this Act [Dec. 20, 1993]: (c)(31) and (c)(53) [amending sections 1078–1 and 1083 of this title].

“(5) EFFECTIVE ON APRIL 1, 1994.—The amendments made by section 2(c)(43)(B) of this Act [amending section 1078–8 of this title] shall be effective on and after April 1, 1994.

“(6) EFFECTIVE ON JULY 1, 1994.—The amendments made by the following subsection[s] of section 2 of this Act shall be effective on and after July 1, 1994: (b)(25), (c)(2), (c)(13)(A), (c)(29) [amending sections 1070b–2, 1075, 1078, and 1078–1 of this title].

“(7) COHORT DEFAULT DATA EXAMINATIONS.—The amendment made by section 2(c)(60)(A) [amending section 1085 of this title] shall be effective on and after October 1, 1994.

“(8) COHORT DEFAULT RATE DETERMINATIONS.—The amendments made to subsection[s] (a)(3) and (m)(1)(B) of section 435 of this [the] Act [section 1085(a)(3) and (m)(1)(B) of this title] shall apply with respect to the determination (and appeals from determinations) of cohort default rates for fiscal year 1989 and any succeeding fiscal year.”

## § 1004. Grant application

### (a) Application required

A partnership desiring to receive a grant under this part shall submit an application to the Secretary, in such form and providing such information as the Secretary, by regulation, shall require.

### (b) Contents of application

The application shall include—

(1) the partnership agreement described in section 1002 of this title;

(2) a listing of the public and private non-profit secondary school or schools to be involved in the program;

(3) a description of the activities and services for which assistance is sought;

(4) a description of the programs to be developed and operated by the partnership; and

(5) assurances to the Secretary that—

(A) the partnership will establish a governing body including one representative of each participant in the partnership;

(B) Federal funds will provide no more than 70 percent of the cost of the project in the first year, 60 percent of such costs in the second year, and 50 percent of such costs in the third year and any subsequent year;

(C) a local educational agency or institution of higher education receiving funds

under this part shall not reduce its combined fiscal effort per student or its aggregate expenditure on education;

(D) a local educational agency or institution of higher education participating in this partnership shall utilize any Federal funds it shall receive from a grant under this part to supplement, and, to the extent practicable, increase the resources that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students described in this part; and

(E) in no case shall funds under such a grant be used to supplant non-Federal funds already available.

### (c) Special rule

The non-Federal share of grants awarded under this part may be in cash or in kind fairly evaluated, including services, supplies or equipment.

### (d) Waiver

The Secretary may waive the matching requirement described in paragraph (5)(B) for any eligible partnership that demonstrates to the satisfaction of the Secretary a unique hardship that prevents compliance with such matching requirement.

(Pub. L. 89–329, title I, §104, as added Pub. L. 102–325, title I, §101, July 23, 1992, 106 Stat. 460; amended Pub. L. 103–208, §2(a)(2), Dec. 20, 1993, 107 Stat. 2457.)

#### PRIOR PROVISIONS

A prior section 1004, Pub. L. 89–329, title I, §104, as added Pub. L. 96–374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1376, related to administrative provisions and powers of Commission on National Development in Postsecondary Education, prior to the general revision of this subchapter by Pub. L. 99–498.

Another prior section 1004, Pub. L. 89–329, title I, §104, Nov. 8, 1965, 79 Stat. 1220; Pub. L. 94–482, title I, §101(b)(3), Oct. 12, 1976, 90 Stat. 2084; Pub. L. 95–43, §1(a)(2), June 15, 1977, 91 Stat. 213, described the allowable uses of States' allotments of funds, prior to the general revision of this subchapter by Pub. L. 96–374.

#### AMENDMENTS

1993—Subsec. (b)(5)(C). Pub. L. 103–208 substituted “part” for “subpart”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1003 of this title.

## § 1005. Peer review

The Secretary shall designate a peer review panel to review applications submitted under this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary shall consult with officials of the other Federal agencies and with non-Federal organizations to ensure that the panel membership shall be geographically balanced and be composed of representatives from public and private institutions of elementary, secondary, and higher education, labor, business, and State and local governments, who have expertise in community service or in education.



(Pub. L. 89-329, title I, §105, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 461.)

#### PRIOR PROVISIONS

A prior section 1005, Pub. L. 89-329, title I, §105, as added Pub. L. 96-374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1377, authorized appropriations, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1005, Pub. L. 89-329, title I, §105, Nov. 8, 1965, 79 Stat. 1220; Pub. L. 90-575, title II, §202, Oct. 16, 1968, 82 Stat. 1036; Pub. L. 94-482, title I, §101(b)(4)-(10), (g)(2), Oct. 12, 1976, 90 Stat. 2084-2086; Pub. L. 95-43, §1(a)(3), (b)(1), (2), June 15, 1977, 91 Stat. 213, 218, set out the requisite features of State plans, prior to the general revision of this subchapter by Pub. L. 96-374.

A prior section 1005a, Pub. L. 89-329, title I, §106, as added Pub. L. 92-318, title I, §102(a)(1), June 23, 1972, 86 Stat. 237; amended Pub. L. 94-482, title I, §101(g)(2), Oct. 12, 1976, 90 Stat. 2086, provided for special programs and projects relating to national and regional problems, prior to the general revision of this subchapter by Pub. L. 96-374.

### § 1006. Authorization of appropriations

There are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

(Pub. L. 89-329, title I, §106, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 461.)

#### PRIOR PROVISIONS

Prior sections 1006 to 1010 were omitted in the general revision of this subchapter by Pub. L. 96-374.

Section 1006, Pub. L. 89-329, title I, §107, formerly §106, Nov. 8, 1965, 79 Stat. 1221; Pub. L. 90-575, title II, §203(a), Oct. 16, 1968, 82 Stat. 1036, renumbered Pub. L. 92-318, title I, §102(a)(1), June 23, 1972, 86 Stat. 236, and amended Pub. L. 94-482, title I, §101(c), (g)(2), Oct. 12, 1976, 90 Stat. 2085, 2086, related to payment and method of payment of funds.

Section 1007, Pub. L. 89-329, title I, §108, formerly §107, Nov. 8, 1965, 79 Stat. 1222, renumbered Pub. L. 92-318, title I, §102(a)(1), June 23, 1972, 86 Stat. 236, and amended Pub. L. 94-482, title I, §101(g)(2), Oct. 12, 1976, 90 Stat. 2086, related to disapproval of State plans, notice and hearing, findings of Commissioner of Education, and notification to State of noneligibility.

Section 1008, Pub. L. 89-329, title I, §109, formerly §108, Nov. 8, 1965, 79 Stat. 1222, renumbered Pub. L. 92-318, title I, §102(a)(1), June 23, 1972, 86 Stat. 236, and amended Pub. L. 94-482, title I, §101(d), Oct. 12, 1976, 90 Stat. 2085, provided for judicial review of actions of Commissioner of Education and scope of that review.

Section 1008a, Pub. L. 89-329, title I, §110, as added Pub. L. 93-29, title VIII, §803, May 3, 1973, 87 Stat. 59, and amended Pub. L. 94-135, title II, §201, Nov. 28, 1975, 89 Stat. 726; Pub. L. 94-482, title I, §101(g)(2), Oct. 12, 1976, 90 Stat. 2086, provided for programs and projects relating to problems of the elderly.

Section 1008b, Pub. L. 89-329, title I, §111, as added Pub. L. 94-482, title I, §101(e), Oct. 12, 1976, 90 Stat. 2085, related to technical assistance and administration.

Section 1009, Pub. L. 89-329, title I, §112, formerly §109, Nov. 8, 1965, 79 Stat. 1223; Pub. L. 91-230, title IV, §401(h)(4), Apr. 13, 1970, 84 Stat. 174, renumbered §110, Pub. L. 92-318, title I, §102(a)(1), June 23, 1972, 86 Stat. 236, renumbered §111, Pub. L. 93-29, title VIII, §803, May 3, 1973, 87 Stat. 59; Pub. L. 93-380, title VIII, §831, Aug. 21, 1974, 88 Stat. 603; Pub. L. 93-644, §9(a), Jan. 4, 1975, 88 Stat. 2310, renumbered §112 and amended Pub. L. 94-482, title I, §101(e), (f)(1), (g)(2), Oct. 12, 1976, 90 Stat. 2085, 2086; 1977 Reorg. Plan No. 2, §7(a)(13), 42 F.R. 62461, 91 Stat. 1637, provided for creation of a National Advisory Council on Extension and Continuing Education.

Section 1010, Pub. L. 89-329, title I, §113, formerly §110, Nov. 8, 1965, 79 Stat. 1224, renumbered §111, Pub. L.

92-318, title I, §102(a)(1), June 23, 1972, 86 Stat. 236, renumbered §112, Pub. L. 93-29, title VIII, §803, May 3, 1973, 87 Stat. 59, renumbered §113 and amended Pub. L. 94-482, title I, §101(e), (f)(2), Oct. 12, 1976, 90 Stat. 2085, 2086, directed that nothing in the section be held to modify any authority under the Smith-Lever Act, section 341 et seq. of Title 7, Agriculture.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1003 of this title.

### PART B—ARTICULATION AGREEMENTS

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in title 42 section 1862i.

## § 1011. Findings and purpose

### (a) Findings

The Congress finds that—

(1) because more than one-half of all first-time first-year students attending postsecondary institutions attend community or junior colleges, and because almost one-half of minority students enrolled in higher education attend 2-year institutions, community and junior colleges represent a substantial and an important educational resource;

(2) declining participation rates for low-income students and minorities at institutions of higher education is of growing concern to the higher education community and Congress; and

(3) there is growing awareness of the need to assist low-income, minority and other non-traditional students in bridging the gap between 2-year to 4-year institutions, enabling such students to reach their individual potential, as well as contribute to the larger society.

### (b) Purpose

The purpose of this part is to improve the educational opportunities of this Nation's postsecondary students by creating comprehensive articulation agreements and planning between partnerships of 2-year and 4-year institutions of higher education.

(Pub. L. 89-329, title I, §121, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 461.)

#### PRIOR PROVISIONS

A prior section 1011, Pub. L. 89-329, title I, §111, as added Pub. L. 99-498, title I, §101, Oct. 17, 1986, 100 Stat. 1279, related to institutional development, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1011, Pub. L. 89-329, title I, §111, as added Pub. L. 96-374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1377, stated Congressional findings with respect to education outreach programs, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1011, Pub. L. 89-329, title I, §114, formerly §111, Nov. 8, 1965, 79 Stat. 1224, renumbered §112 and amended Pub. L. 92-318, title I, §§102(a)(1), 131(d)(2)(A), June 23, 1972, 86 Stat. 236, 260, renumbered §113, Pub. L. 93-29, title VIII, §803, May 3, 1973, 87 Stat. 59, renumbered §114, Pub. L. 94-482, title I, §101(e), Oct. 12, 1976, 90 Stat. 2085, prohibited the giving of grants for programs relating to sectarian instruction or worship, prior to the general revision of this subchapter by Pub. L. 96-374.

A prior section 121 of Pub. L. 89-329, title I, as added Pub. L. 99-498, title I, §101, Oct. 17, 1986, 100 Stat. 1285, related to adult learning research and was classified to section 1016 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

**§ 1011a. Authorization of grants****(a) Assistance for articulation partnerships**

From amounts appropriated for this part, the Secretary shall make grants to States to enable States to make awards, either on a competitive basis or on the basis of a formula determined by the State, to articulation partnerships between—

- (1) a qualified 2-year institution; and
- (2) a qualified 4-year institution.

**(b) Qualified institutions**

For purposes of this part—

(1) a qualified 2-year institution is an institution of higher education (as determined under section 1088(a) of this title) that is an eligible institution under section 1085(a) of this title and that—

- (A) is a nonprofit institution that offers a 2-year associate degree or a 2-year certificate program; or
- (B) is a proprietary institution that offers a 2-year associate degree program; and

(2) a qualified 4-year institution is an institution of higher education (as determined under section 1088(a) of this title) that is an eligible institution under section 1085(a) of this title and that offers a baccalaureate degree program.

**(c) Allocation and State grants****(1) Formula allocation**

In any fiscal year for which the amount made available under section 1011h of this title to carry out the provisions of this part equals or exceeds \$50,000,000, the Secretary shall allot an amount that bears the same ratio to the amount appropriated under section 1011h of this title for such fiscal year as the total amount received under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 by students attending institutions of higher education in that State for such fiscal year bears to the total amount received under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 by all students for such fiscal year, based on the most recent year for which such data are available.

**(2) Competitive grants**

In any fiscal year for which the amount made available under section 1011h of this title to carry out the provisions of this part do not equal or exceed \$50,000,000, the Secretary is authorized, in accordance with the provisions of this part, to make grants to States to carry out articulation agreements under sections 1011c and 1011d of this title.

(Pub. L. 89-329, title I, §122, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 462.)

**PRIOR PROVISIONS**

A prior section 122 of Pub. L. 89-329, title I, as added Pub. L. 99-498, title I, §101, Oct. 17, 1986, 100 Stat. 1286, limited funds authorized to be appropriated and was classified to section 1016a of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1011c of this title.

**§ 1011b. State application**

Each State that desires to receive a grant under this part shall submit an application to the Secretary in such form and containing or accompanied by such information as the Secretary may require. Such application shall—

(1) after consultation with the State agencies responsible for supervision of community colleges, technical institutes, or other 2-year postsecondary institutions, designate a sole State agency as the State agency responsible for the administration and supervision of activities carried out with assistance under this part;

(2) describe how funds will be allocated in a manner consistent with section 1011c of this title;

(3) contain assurances that the State will comply with the requirements of this part;

(4) provide for an annual submission of data concerning the use of funds and students served with assistance under this part; and

(5) provide that the State will keep such records and provide such information to the Secretary as may be required for purposes of financial audits and program evaluation.

(Pub. L. 89-329, title I, §123, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 462.)

**§ 1011c. Local applications**

Any articulation partnership comprised of qualified institutions that desires to receive a grant from a State under this part shall submit an application to the State in such form and containing or accompanied by such information as the State may require and shall—

(1) include in the articulation agreement—

(A) assurances that academic credit earned at the qualified institution described in section 1011a(b)(1) of this title will be transferable to the qualified institution or institutions as described in section 1011a(b)(2) of this title;

(B) development of articulation agreement programs and services appropriate to the needs of the partnership participants;

(C) activities that facilitate the development of programs and services appropriate to the needs of the students attending courses covered by the articulation agreement;

(D) inservice training for faculty designed to implement effective articulation agreements;

(E) counseling services; and

(F) information concerning programs contained in the articulation agreement;

(2) include assurances that the articulation partnership has the qualified personnel required—

(A) to develop, administer, and implement the program required by this part; and

(B) to provide special training necessary to prepare staff for the program; and

(3) include a plan of operation for the program which includes a description of—

(A) the program goals;

(B) the uses of funds as required by paragraph (2);

(C) the activities and services which will be provided under the program (including training and preparation of staff); and

(D) the subject areas to be included in the articulation agreement.

(Pub. L. 89-329, title I, §124, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 463.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1011a, 1011b, 1011d of this title.

### § 1011d. Articulation agreement

#### (a) Length of grant

Each recipient of a grant from a State shall use the amounts provided under the grant to develop and operate articulation agreements for 6 years.

#### (b) Use of funds

Funds provided to an articulation partnership under this part may be used—

(1) to perform any activity or program required by section 1011c of this title;

(2) as part of the program's planning activities, to acquire technical assistance from Federal, State, or local entities that have successfully designed, established, and operated articulation programs;

(3) to provide workshops with students and teachers, counseling for students to continue their education to a bachelors degree, orientation visits at institutions participating in the partnerships;

(4) to develop agreements with local educational agencies for vocational course equivalency approval procedures for purposes of satisfying entrance requirements to qualified institutions; and

(5) to provide outreach to potential students.

(Pub. L. 89-329, title I, §125, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 463.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1011a of this title.

### § 1011e. State administration

A State may reserve not more than 3 percent of the amounts available under this part for any fiscal year for State administrative costs including monitoring and technical assistance.

(Pub. L. 89-329, title I, §126, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 464.)

### § 1011f. Priority

The State shall give priority to grant applications for programs which—

(1) encourage teacher education;

(2) have, as one of the partners participating in an articulation agreement, an entity participating in an articulation agreement described in section 2394b(b)(1) of this title;

(3) contribute their own institutional resources;

(4) are not subject to a default reduction agreement under section 1078-6 of this title;

(5) encourage technology education; or

(6) encourage articulation in subject areas of national importance as determined by the Secretary.

(Pub. L. 89-329, title I, §127, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 464.)

### § 1011g. Reports

#### (a) State reports

Each State shall submit to the Secretary an annual report on the operation of the program under this part in such State during the preceding year. Such report shall include such information as the Secretary may require by regulation.

#### (b) Evaluation and dissemination

##### (1) Evaluation

The Secretary shall, on the basis of the reports submitted under subsection (a) of this section, evaluate all or a sample of the programs conducted under this part for the purposes of—

(A) determining the success or failure of such programs in increasing access and entry of students from 2-year institutions to 4-year institutions; and

(B) identifying the most successful programs under this part and the causes for such success.

##### (2) Dissemination

The Secretary shall, not later than January 31, 1996, submit a report to the Congress on the results of the evaluation described in paragraph (1). The Secretary shall disseminate the findings made pursuant to subparagraph (B) through appropriate agencies and organizations.

##### (3) Reservation

The Secretary may reserve up to 3 percent of the amount appropriated under section 1011h of this title to carry out this subsection.

(Pub. L. 89-329, title I, §128, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 464.)

### § 1011h. Authorization of appropriations

There are authorized to be appropriated to carry out this part, \$25,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title I, §129, as added Pub. L. 102-325, title I, §101, July 23, 1992, 106 Stat. 465.)

#### PRIOR PROVISIONS

A prior section 1012, Pub. L. 89-329, title I, §112, as added Pub. L. 99-498, title I, §101, Oct. 17, 1986, 100 Stat. 1282, related to establishment of off-campus program grants, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1012, Pub. L. 89-329, title I, §112, as added Pub. L. 96-374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1377, provided for State allotments including percentage breakdown and cases of States not conducting comprehensive statewide planning, prior to the general revision of this subchapter by Pub. L. 99-498.

A prior section 1013, Pub. L. 89-329, title I, §113, as added Pub. L. 99-498, title I, §101, Oct. 17, 1986, 100 Stat. 1284, related to adult and continuing education staff development, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1013, Pub. L. 89-329, title I, §113, as added Pub. L. 96-374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1378; amended Pub. L. 97-300, title I, §183, Oct. 13, 1982, 96 Stat. 1357; Pub. L. 98-524, §4(c)(1), Oct. 19, 1984,

98 Stat. 2488, related to comprehensive statewide planning with respect to education outreach programs, prior to the general revision of this subchapter by Pub. L. 99-498.

A prior section 1014, Pub. L. 89-329, title I, § 114, as added Pub. L. 99-498, title I, § 101, Oct. 17, 1986, 100 Stat. 1285, related to administration of programs by Secretary, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1014, Pub. L. 89-329, title I, § 114, as added Pub. L. 96-374, title I, § 101(a), Oct. 3, 1980, 94 Stat. 1379; amended Pub. L. 97-300, title I, § 183, Oct. 13, 1982, 96 Stat. 1357; Pub. L. 98-524, § 4(c)(2), Oct. 19, 1984, 98 Stat. 2488, related to information services, prior to the general revision of this subchapter by Pub. L. 99-498.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1011a, 1011g of this title.

### PART C—ACCESS AND EQUITY TO EDUCATION FOR ALL AMERICANS THROUGH TELECOMMUNICATIONS

#### § 1015. Program established; authorization of appropriations; eligibility

##### (a) General authority

The Secretary is authorized to make grants to eligible partnerships to enable such partnerships to pay the Federal share of the cost of the activities described in the application submitted pursuant to section 1015a of this title.

##### (b) Authorization of appropriations

###### (1) In general

There are authorized to be appropriated to carry out this part \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

###### (2) Availability

Funds appropriated pursuant to the authority of paragraph (1) shall remain available until expended.

##### (c) Eligible partnership

For the purpose of this part the term “eligible partnership” means a partnership which—

(1) shall consist of—

(A) a public broadcasting entity or a consortium thereof; and

(B) an institution of higher education or a consortium thereof; and

(2) may also include a State, a unit of local government, or a public or private nonprofit organization.

##### (d) Federal share

The Federal share shall be 50 percent.

(Pub. L. 89-329, title I, § 131, as added Pub. L. 102-325, title I, § 101, July 23, 1992, 106 Stat. 465.)

#### PRIOR PROVISIONS

A prior section 1015, Pub. L. 89-329, title I, § 115, as added Pub. L. 99-498, title I, § 101, Oct. 17, 1986, 100 Stat. 1285, authorized appropriations for former part A of this subchapter, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1015, Pub. L. 89-329, title I, § 115, as added Pub. L. 96-374, title I, § 101(a), Oct. 3, 1980, 94 Stat. 1380, related to continuing education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1015, Pub. L. 89-329, title I, § 131, as added Pub. L. 94-482, title I, § 101(g)(3), Oct. 12, 1976,

90 Stat. 2086, set out the Congressional findings with regard to the lifelong learning program, prior to the general revision of this subchapter by Pub. L. 96-374.

A prior section 131 of Pub. L. 89-329, title I, as added Pub. L. 99-498, title I, § 101, Oct. 17, 1986, 100 Stat. 1286, related to National Advisory Council on Continuing Education and was classified to section 1017 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

#### § 1015a. Application

##### (a) In general

Each eligible partnership desiring to receive a grant under this part shall submit an application to the Secretary at such time, in such manner and containing or accompanied by such information as the Secretary may reasonably require.

##### (b) Contents

Each application submitted pursuant to paragraph (1) shall—

(1) describe the education telecommunications activities or services to be assisted;

(2) describe the administrative and management structure supporting such activities or services;

(3) provide assurances that the financial interests of the United States in the telecommunications equipment, software and other facilities shall be protected for the useful life of such equipment, software or facilities;

(4) describe the manner in which nontraditional postsecondary education students will benefit from the activities and services supported;

(5) describe the manner in which special services, including captioned films, television, descriptive video and education media for individuals with disabilities, shall be supported; and

(6) provide assurances that the eligible partnership will provide the non-Federal share of assistance under this part.

##### (c) Approval of applications

###### (1) In general

The Secretary shall, in approving applications under this part, give priority to applications which describe programs that—

(A) include support for services to make captioned films, descriptive video and educational media available to individuals with disabilities who otherwise lack access to such educational materials;

(B) will provide, directly or indirectly, activities or services to a significant number of postsecondary institutions;

(C) improve access to accredited telecommunications coursework for individuals with disabilities otherwise denied such access;

(D) will be available in a multistate area;

(E) include evidence of significant support for the program from the business community; or

(F) provide matching funds, in an amount which exceeds the required non-Federal share.

##### (2) Equitable geographic distribution of assistance

In approving applications under this part the Secretary shall ensure the equitable geo-

graphic distribution of grants awarded under this part.

(Pub. L. 89-329, title I, § 132, as added Pub. L. 102-325, title I, § 101, July 23, 1992, 106 Stat. 465.)

#### PRIOR PROVISIONS

A prior section 1015a, Pub. L. 89-329, title I, § 132, as added Pub. L. 94-482, title I, § 101(g)(3), Oct. 12, 1976, 90 Stat. 2087, set out scope of lifelong learning program, prior to the general revision of this subchapter by Pub. L. 96-374.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1015 of this title.

### § 1015b. Authorized activities

Grants awarded under this part shall be used for one or more of the following activities:

(1) The acquisition of site equipment to provide the technical ability to receive diverse education services at schools, campuses, and work site locations.

(2) Satellite, fiber optic and other distribution systems, and for local broadcast or other local distribution capability.

(3) Pre-service or in-service education and training for kindergarten through 12th grade teachers through interactive television conferencing.

(4) Preparation of telecommunications programs and software that support national, regional or statewide efforts to provide teaching and learning materials not otherwise available for local use.

(5) A loan service of captioned films, descriptive video and educational media in order to make such materials available, in accordance with regulations issued by the Secretary, in the United States for nonprofit purposes to individuals with disabilities, parents of individuals with disabilities, and other individuals directly involved in activities for the advancement of individuals with disabilities, including addressing problems of illiteracy among individuals with disabilities.

(Pub. L. 89-329, title I, § 133, as added Pub. L. 102-325, title I, § 101, July 23, 1992, 106 Stat. 466.)

#### PRIOR PROVISIONS

A prior section 1015b, Pub. L. 89-329, title I, § 133, as added Pub. L. 94-482, title I, § 101(g)(3), Oct. 12, 1976, 90 Stat. 2087; amended Pub. L. 95-43, § 1(a)(4), June 15, 1977, 91 Stat. 213, related to implementation of lifelong learning program by Assistant Secretary, prior to the general revision of this subchapter by Pub. L. 96-374.

### § 1015c. “Public broadcasting entity” defined

For the purpose of this part, the term “public broadcasting entity” has the same meaning given to such term by section 397(11) of title 47.

(Pub. L. 89-329, title I, § 134, as added Pub. L. 102-325, title I, § 101, July 23, 1992, 106 Stat. 466.)

#### PRIOR PROVISIONS

A prior section 1015c, Pub. L. 89-329, title I, § 134, as added Pub. L. 94-482, title I, § 101(g)(3), Oct. 12, 1976, 90 Stat. 2089, related to annual reports by Assistant Secretary and content of these reports, prior to the general revision of this subchapter by Pub. L. 96-374.

### § 1015d. Report

#### (a) In general

Each recipient of a grant under this part shall submit a report to the Secretary not later than 30 days after the conclusion of the grant period.

#### (b) Contents

Each report described in subsection (a) of this section shall include—

(1) a description of activities and services assisted under this part;

(2) a description of the population served by the program; and

(3) an assessment of the ability of private sector entities participating in the eligible partnership to continue the support of the activities and services in the absence of Federal funding.

#### (c) Dissemination

The Secretary shall select reports received under this subsection that are appropriate for dissemination to the education community and shall make such reports available through the National Diffusion Network.

(Pub. L. 89-329, title I, § 135, as added Pub. L. 102-325, title I, § 101, July 23, 1992, 106 Stat. 466.)

#### PRIOR PROVISIONS

A prior section 1016, Pub. L. 89-329, title I, § 121, as added Pub. L. 99-498, title I, § 101, Oct. 17, 1986, 100 Stat. 1285, related to adult learning research, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1016, Pub. L. 89-329, title I, § 116, as added Pub. L. 96-374, title I, § 101(a), Oct. 3, 1980, 94 Stat. 1381, provided for Federal discretionary grants, prior to the general revision of this subchapter by Pub. L. 99-498.

A prior section 1016a, Pub. L. 89-329, title I, § 122, as added Pub. L. 99-498, title I, § 101, Oct. 17, 1986, 100 Stat. 1286, limited funds authorized to be appropriated, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 1017, Pub. L. 89-329, title I, § 131, as added Pub. L. 99-498, title I, § 101, Oct. 17, 1986, 100 Stat. 1286; Pub. L. 102-54, § 13(g)(1)(A), June 13, 1991, 105 Stat. 275, related to National Advisory Council on Continuing Education, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1017, Pub. L. 89-329, title I, § 117, as added Pub. L. 96-374, title I, § 101(a), Oct. 3, 1980, 94 Stat. 1382; amended Pub. L. 99-386, title I, § 103(a), Aug. 22, 1986, 100 Stat. 821, related to establishment and administration of the National Advisory Council on Continuing Education, prior to the general revision of this subchapter by Pub. L. 99-498.

A prior section 1018, Pub. L. 89-329, title I, § 141, as added Pub. L. 100-418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1514, set out purpose of former part D of this subchapter as being the development of student literacy corps programs, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1018, Pub. L. 89-329, title I, § 118, as added Pub. L. 96-374, title I, § 101(a), Oct. 3, 1980, 94 Stat. 1382, defined terms used in former part D of this subchapter, prior to the general revision of this subchapter by Pub. L. 99-498.

Prior sections 1018a to 1018f were omitted in the general revision of this subchapter by Pub. L. 102-325.

Section 1018a, Pub. L. 89-329, title I, § 142, as added Pub. L. 100-418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1515, related to grants for literacy corps programs.

Section 1018b, Pub. L. 89-329, title I, § 143, as added Pub. L. 100-418, title VI, § 6201, Aug. 23, 1988, 102 Stat. 1515, related to use of funds.

Section 1018c, Pub. L. 89-329, title I, §144, as added Pub. L. 100-418, title VI, §6201, Aug. 23, 1988, 102 Stat. 1515; Pub. L. 101-610, title II, §221(a), (b), Nov. 16, 1990, 104 Stat. 3180, related to applications.

Section 1018d, Pub. L. 89-329, title I, §145, as added Pub. L. 100-418, title VI, §6201, Aug. 23, 1988, 102 Stat. 1516, related to technical assistance and coordination contracts.

Section 1018e, Pub. L. 89-329, title I, §146, as added Pub. L. 100-418, title VI, §6201, Aug. 23, 1988, 102 Stat. 1516; Pub. L. 101-305, §5, May 30, 1990, 104 Stat. 258; Pub. L. 101-610, title II, §221(c), Nov. 16, 1990, 104 Stat. 3180, related to authorization of appropriations.

Section 1018f, Pub. L. 89-329, title I, §147, as added Pub. L. 100-418, title VI, §6201, Aug. 23, 1988, 102 Stat. 1516, defined “public community agency”, “institution of higher education” and “Secretary”.

A prior section 1019, Pub. L. 89-329, title I, §119, as added Pub. L. 96-374, title I, §101(a), Oct. 3, 1980, 94 Stat. 1383, authorized appropriations for education outreach programs, prior to the general revision of this subchapter by Pub. L. 99-498.

## SUBCHAPTER II—ACADEMIC LIBRARIES AND INFORMATION SERVICES

### CODIFICATION

Title II of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L. 89-329, title II, Nov. 8, 1965, 79 Stat. 1224, and amended by Pub. L. 89-752, Nov. 3, 1966, 80 Stat. 1240; Pub. L. 90-575, Oct. 16, 1968, 82 Stat. 1014; Pub. L. 91-230, Apr. 13, 1970, 84 Stat. 121; Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 96-49; Aug. 13, 1979, 93 Stat. 351. Such title is shown herein, however, as having been added by Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1383, without reference to such intervening amendments because of the extensive revision of title II by Pub. L. 96-374.

### SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in section 1069b of this title.

## § 1021. Purpose; authorization

### (a) Purpose

The Secretary shall carry out a program to assist—

(1) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part A of this subchapter;

(2) in the education and training of persons in library and information science and to encourage research and development relating to improvement of libraries (including the promotion of economical and effective information delivery, cooperative efforts, and developmental projects) in accordance with part B of this subchapter;

(3) the Nation's major research libraries, in maintaining and strengthening their collections, and in making information resources available to other libraries whose users have need for research materials in accordance with part C of this subchapter; and

(4) historically black colleges and universities and other minority-serving institutions with programs in library and information sciences to train and educate African-Americans and other underrepresented racial, national origin, and ethnic minorities in such programs in accordance with part D of this subchapter.

## (b) Authorization of appropriations

### (1) Part A

There are authorized to be appropriated to carry out part A of this subchapter \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

### (2) Part B

There are authorized to be appropriated to carry out part B of this subchapter \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

### (3) Part C

There are authorized to be appropriated to carry out part C of this subchapter \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

### (4) Part D

There are authorized to be appropriated to carry out part D of this subchapter \$15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title II, §201, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1383; amended Pub. L. 99-498, title II, §201(b), (c), Oct. 17, 1986, 100 Stat. 1287; Pub. L. 100-418, title VI, §6241, Aug. 23, 1988, 102 Stat. 1520; Pub. L. 102-325, title II, §201, July 23, 1992, 106 Stat. 467.)

### PRIOR PROVISIONS

A prior section 1021, Pub. L. 89-329, title II, §201, as added Pub. L. 92-318, title I, §111(b)(1), June 23, 1972, 86 Stat. 238; amended Pub. L. 94-482, title I, §106, Oct. 12, 1976, 90 Stat. 2089; Pub. L. 96-49, §3(a), Aug. 13, 1979, 93 Stat. 351, provided for college library programs, prior to the general revision of this subchapter by Pub. L. 96-374.

Another prior section 1021, Pub. L. 89-329, title II, §201, Nov. 8, 1965, 79 Stat. 1224; Pub. L. 90-575, title II, §211, Oct. 16, 1968, 82 Stat. 1036; Pub. L. 92-318, title I, §111(a)(1), June 23, 1972, 86 Stat. 238, authorized appropriations of \$50,000,000 for each fiscal year ending June 30, 1966, 1967, and 1968, and \$25,000,000; \$75,000,000; \$90,000,000; and \$18,000,000 for fiscal years ending June 30, 1969, 1970, 1971, and 1972, for library resources grants, prior to repeal by Pub. L. 92-318, title I, §111(b)(1), June 23, 1972, 86 Stat. 238.

### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting present provisions for former subsecs. (a) to (c) which declared purpose of program, authorized appropriations to carry out parts A to D of this subchapter for fiscal year 1987 and four succeeding fiscal years, and prohibited grants for religious programs.

1988—Subsec. (b)(5). Pub. L. 100-418 added par. (5).

1986—Subsec. (a)(4). Pub. L. 99-498, §201(b), amended par. (4) generally, substituting “college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part D of this subchapter” for “the establishment of a National Periodical System Corporation, in accordance with part D of this subchapter”.

Subsec. (b). Pub. L. 99-498, §201(c), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows:

“(1)(A) There are authorized to be appropriated to carry out part A of this subchapter \$10,000,000 for the fiscal year 1981, \$30,000,000 for the fiscal year 1982 and

for each of the two succeeding fiscal years, and \$35,000,000 for the fiscal year 1985.

“(B) There are authorized to be appropriated to carry out part B of this subchapter \$10,000,000 for the fiscal year 1981, \$30,000,000 for the fiscal year 1982 and for each of the two succeeding fiscal years, and \$35,000,000 for the fiscal year 1985.

“(C) There are authorized to be appropriated to carry out part C of this subchapter \$10,000,000 for the fiscal year 1981, \$15,000,000 for the fiscal year 1982 and each of the three succeeding fiscal years.

“(2) Notwithstanding paragraph (1), no funds are authorized to be appropriated for part D of this subchapter unless the appropriation for each of parts A, B, and C of this subchapter equals or exceeds the amount appropriated for each such part, respectively, for fiscal year 1979.”

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Subchapter effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

### § 1022. Notification of State agency

Each institution of higher education which receives a grant under this subchapter shall annually inform the State agency designated pursuant to section 1143 of this title of its activities under this subchapter.

(Pub. L. 89-329, title II, §202, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1384; amended Pub. L. 102-325, title II, §201, July 23, 1992, 106 Stat. 468.)

#### PRIOR PROVISIONS

A prior section 1022, Pub. L. 89-329, title II, §202, Nov. 8, 1965, 79 Stat. 1224; Pub. L. 89-752, §9, Nov. 3, 1966, 80 Stat. 1243; Pub. L. 90-575, title II, §214(a), Oct. 16, 1968, 82 Stat. 1037; Pub. L. 92-318, title I, §§111(b)(2)(A), 112(a), (b)(1), June 23, 1972, 86 Stat. 238, 240, related to the basic grants for the college library resources program, prior to the general revision of this subchapter by Pub. L. 96-374.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, re-enacting provisions without change.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1023. Library experts

The Secretary shall make every effort to ensure that programs under this subchapter are administered by appropriate library experts.

(Pub. L. 89-329, title II, §203, as added Pub. L. 102-325, title II, §201, July 23, 1992, 106 Stat. 468.)

#### PRIOR PROVISIONS

Prior sections 1023 to 1028 were omitted in the general revision of this subchapter by Pub. L. 96-374.

Section 1023, Pub. L. 89-329, title II, §203, Nov. 8, 1965, 79 Stat. 1225; Pub. L. 90-575, title II, §212(a), Oct. 16, 1968, 82 Stat. 1036; Pub. L. 92-318, title I, §§111(b)(2)(B), 112(b)(2), 113(a), June 23, 1972, 86 Stat. 239, 240, provided for supplemental grants in the college library resources program.

Section 1024, Pub. L. 89-329, title II, §204, Nov. 8, 1965, 79 Stat. 1226; Pub. L. 90-575, title II, §212(b), (c), 213(a), Oct. 16, 1968, 82 Stat. 1036; Pub. L. 92-318, title I, §111(b)(2)(C), June 23, 1972, 86 Stat. 239, provided for special purpose grants in the college library resources program.

Section 1025, Pub. L. 89-329, title II, §205, Nov. 8, 1965, 79 Stat. 1226; Pub. L. 91-230, title IV, §401(h)(4), Apr. 13, 1970, 84 Stat. 174, created the Advisory Council on College Library Resources.

Section 1026, Pub. L. 89-329, title II, §206, Nov. 8, 1965, 79 Stat. 1226, related to the accreditation of educational institutions.

Section 1027, Pub. L. 89-329, title II, §207, Nov. 8, 1965, 79 Stat. 1227; Pub. L. 92-318, title I, §131(d)(2)(B), June 23, 1972, 86 Stat. 260, prohibited grants for library resources to be used for sectarian instruction or religious worship. See section 1021(c) of this title.

Section 1028, Pub. L. 89-329, title II, §208, Nov. 8, 1965, 79 Stat. 1227, required that institutions inform State agencies of their activities under the college library resources program.

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### PART A—COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1021, 1047 of this title.

### § 1029. College library technology and cooperation grants

#### (a) Grants authorized

The Secretary is authorized to make grants for technological equipment, networking, and other special purposes to—

(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, maintenance, or upgrading of technological equipment necessary to organize, access or utilize material in electronic formats and to participate in networks for the accessing and sharing of library and information resources;

(2) combinations of institutions of higher education which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment for the accessing and sharing of library and information resources;

(3) other public and private nonprofit organizations which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve the services provided by such organizations to institutions of higher education; and

(4) institutions of higher education conducting research or demonstration projects that improve information services to meet special national or regional needs by utilizing technology to enhance library or information services such as through the National Research and Education Network.

#### (b) Awards requirements

From funds appropriated for this part, the Secretary shall make competitive awards to in-

stitutions, combinations of institutions, or organizations in each of the categories described in paragraphs (1) through (4) of subsection (a) of this section.

**(c) Amount**

**(1) In general**

The Secretary shall award grants under this section in an amount which is not less than \$25,000.

**(2) Special rule**

The Secretary shall award grants pursuant to paragraph (1) of subsection (a) of this section in an amount which is not more than \$50,000 for each institution of higher education.

**(d) Priority**

In awarding grants pursuant to paragraph (1) of subsection (a) of this section, the Secretary shall give priority to institutions of higher education seeking assistance for projects which assist developing institutions of higher education in linking one or more institutions of higher education to resource sharing networks.

**(e) Duration**

The Secretary shall award grants under this section for a period not to exceed 3 years.

**(f) Application**

**(1) In general**

Each institution of higher education or combination thereof desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

**(2) Content**

Each application submitted pursuant to paragraph (1) shall—

(A) describe the activities and services for which assistance is sought; and

(B) contain assurances that the applicant will expend during the period for which the grant is sought (from funds other than funds received under this subchapter), for the same purpose as such grant, an amount from such other sources equal to not less than one-third of such grant.

**(3) Criteria**

The Secretary shall prescribe by regulation criteria for the approval of applications submitted under this section.

(Pub. L. 89-329, title II, §211, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1384; amended Pub. L. 99-498, title II, §202, Oct. 17, 1986, 100 Stat. 1287; Pub. L. 102-325, title II, §201, July 23, 1992, 106 Stat. 468.)

AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to college library technology and cooperation grants for provisions relating to college library resource grants.

1986—Pub. L. 99-498 amended section generally, substituting “College library resources” for “Resource development grants” in section catchline and revising and restating as subsecs. (a), (b), (d), and (f) provisions of former subsecs. (a), (b), (c), and (d), respectively, and inserting provisions set out in subsecs. (c) and (e).

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1030. Omitted**

CODIFICATION

Section, Pub. L. 89-329, title II, §213, as added Pub. L. 99-498, title II, §203, Oct. 17, 1986, 100 Stat. 1289, which defined “full-time equivalent students”, was omitted in the general revision of this subchapter by Pub. L. 102-325.

PART B—LIBRARY EDUCATION, RESEARCH, AND DEVELOPMENT

PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1021, 1047 of this title.

**§ 1031. Grants authorized**

**(a) Grants**

From the amounts appropriated for this part for any fiscal year, the Secretary shall make grants in accordance with sections 1032 and 1033 of this title.

**(b) Reservation**

Of the amount appropriated for this part for any fiscal year, the Secretary shall make available two-thirds of such amount for the purpose of section 1032 of this title and one-third of such amount for the purpose of section 1033 of this title.

(Pub. L. 89-329, title II, §221, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1385; amended Pub. L. 99-498, title II, §204(b)(1), Oct. 17, 1986, 100 Stat. 1289; Pub. L. 102-325, title II, §201, July 23, 1992, 106 Stat. 469.)

PRIOR PROVISIONS

A prior section 1031, Pub. L. 89-329, title II, §221, as added Pub. L. 92-318, title I, §111(b)(3)(A), June 23, 1972, 86 Stat. 239, contained the grant authority for training and research programs, prior to the general revision of this subchapter by Pub. L. 96-374.

Another prior section 1031, Pub. L. 89-329, title II, §221, Nov. 8, 1965, 79 Stat. 1227; Pub. L. 90-575, title II, §215, Oct. 16, 1968, 82 Stat. 1037; Pub. L. 92-318, title I, §111(a)(2), June 23, 1972, 86 Stat. 238, authorized appropriations of \$15,000,000 for each fiscal year ending June 30, 1966, 1967, and 1968, and \$11,800,000; \$28,000,000; \$38,000,000; and \$12,000,000 for fiscal years ending June 30, 1969, 1970, 1971, and 1972, prior to repeal by Pub. L. 92-318, title I, §111(b)(3)(A), June 23, 1972, 86 Stat. 239.

AMENDMENTS

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows: “From the amounts appropriated for this part for any fiscal year, the Secretary shall make grants in accordance with sections 1032 and 1033 of this title. Of such amount, two-thirds shall be available for the purpose of section 1032 of this title and one-third shall be available for the purpose of section 1033 of this title.”

1986—Pub. L. 99-498 amended section generally. Prior to amendment, section read as follows: “From the amount appropriated for this part, the Secretary shall make grants in accordance with sections 1032, 1033, and 1034 of this title. Of such amount, one-third shall be available for the purposes of each such section.”

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.



### § 1032. Library education and human resource development

#### (a) Purpose and grant criteria

The Secretary is authorized to make grants to, and enter into contracts with, institutions of higher education and library organizations or agencies to assist such institutions, library organizations, or agencies in educating and training persons in library and information science, particularly in areas of critical needs, such as recruitment and retention of minorities. Such grants or contracts may be used by such institutions, library organizations, or agencies to—

(1) assist in covering the cost of courses of study or staff development (including short term or regular session institutes),

(2) establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows who demonstrate need and who are working toward a graduate degree (and their dependents), not in excess of such maximum amounts as may be determined by the Secretary, and

(3) establish, develop, or expand programs of library and information science, including new techniques of information transfer and communication technology.

#### (b) Additional requirements

Not less than 50 percent of the grants made under this section shall be for the purpose of establishing and maintaining fellowships or traineeships under subsection (a)(2) of this section.

(Pub. L. 89-329, title II, § 222, as added Pub. L. 96-374, title II, § 201, Oct. 3, 1980, 94 Stat. 1385; amended Pub. L. 102-325, title II, § 201, July 23, 1992, 106 Stat. 469.)

#### PRIOR PROVISIONS

A prior section 1032, Pub. L. 89-329, title II, § 222, Nov. 8, 1965, 79 Stat. 1227, defined the term “librarianship”, prior to repeal by Pub. L. 92-318, title I, § 111(b)(3)(A), June 23, 1972, 86 Stat. 239.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting present provisions for provisions which related to allowable uses of grant funds and requirement to use grants for fellowships and traineeships.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1031, 1034 of this title.

### § 1033. Research and demonstration

The Secretary is authorized to make grants to, and enter into contracts with, institutions of higher education and other public and private agencies, institutions, and organizations for research and development projects related to the improvement of libraries, education in library and information science, the enhancement of library services through effective and efficient use of new technologies, and for the dissemination of information derived from such projects.

(Pub. L. 89-329, title II, § 223, as added Pub. L. 96-374, title II, § 201, Oct. 3, 1980, 94 Stat. 1385; amended Pub. L. 99-498, title II, § 205, Oct. 17, 1986, 100 Stat. 1289; Pub. L. 102-325, title II, § 201, July 23, 1992, 106 Stat. 470.)

#### PRIOR PROVISIONS

A prior section 1033, Pub. L. 89-329, title II, § 222, formerly § 223, Nov. 8, 1965, 79 Stat. 1227, Pub. L. 90-575, title II, § 216, Oct. 16, 1968, 82 Stat. 1037, renumbered and amended Pub. L. 92-318, title I, § 111(b)(3)(B)-(D), June 23, 1972, 86 Stat. 239, 240, related to grants for training in librarianship, prior to the general revision of this subchapter by Pub. L. 96-374.

#### AMENDMENTS

1992—Pub. L. 102-325 substituted “demonstration” for “demonstrations” in section catchline and amended text generally. Prior to amendment, text read as follows: “The Secretary is authorized to make grants to, and contracts with, institutions of higher education and other public or private agencies, institutions, and organizations for research and demonstration projects related to the improvement of libraries, training in librarianship, and for the dissemination of information derived from such projects.”

1986—Pub. L. 99-498 struck out “and information technology,” after “training in librarianship.”

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1031, 1034 of this title.

### § 1034. Consultation requirements

The Secretary shall consult with the appropriate library and information science professional bodies in the determination of critical needs under section 1032 of this title and in the determination of priorities under section 1033 of this title.

(Pub. L. 89-329, title II, § 224, as added Pub. L. 102-325, title II, § 201, July 23, 1992, 106 Stat. 470.)

#### PRIOR PROVISIONS

A prior section 1034, Pub. L. 89-329, title II, § 224, as added Pub. L. 96-374, title II, § 201, Oct. 3, 1980, 94 Stat. 1385, authorized special purpose grants, prior to repeal by Pub. L. 99-498, title II, § 204(a), Oct. 17, 1986, 100 Stat. 1289.

Another prior section 1034, Pub. L. 89-329, title II, § 223, formerly § 224, Nov. 8, 1965, 79 Stat. 1228, Pub. L. 91-230, title IV, § 401(h)(4), Apr. 13, 1970, 84 Stat. 174, and renumbered Pub. L. 92-318, title I, § 111(b)(3)(D), June 23, 1972, 86 Stat. 240, related to grants for research and demonstration projects, prior to the general revision of this subchapter by Pub. L. 96-374.

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### PART C—IMPROVING ACCESS TO RESEARCH LIBRARY RESOURCES

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1021, 1047 of this title.

**§ 1041. Research library resources****(a) Grants****(1) General authority**

From the amount appropriated for this part, the Secretary shall make grants to institutions with major research libraries.

**(2) Major research library**

For the purposes of this part, the term “major research library” means a public or private nonprofit institution (including the library resources of an institution of higher education), an independent research library, or a State or other public library, having a library collection which is available to qualified users and which—

(A) makes a significant contribution to higher education and research;

(B) is broadly based and is recognized as having national or international significance for scholarly research;

(C) is of a unique nature, and contains material not widely available; and

(D) is in substantial demand by researchers and scholars not connected with that institution.

**(b) Eligibility**

In determining eligibility for assistance under this part, the Secretary shall permit institutions that do not otherwise qualify to provide additional information or documents to demonstrate the national or international significance for scholarly research of the particular collection described in the grant proposal.

(Pub. L. 89-329, title II, § 231, as added Pub. L. 96-374, title II, § 201, Oct. 3, 1980, 94 Stat. 1386; amended Pub. L. 99-498, title II, §§ 204(b)(2), 206, Oct. 17, 1986, 100 Stat. 1289; Pub. L. 102-325, title II, § 201, July 23, 1992, 106 Stat. 470.)

**PRIOR PROVISIONS**

A prior section 1041, Pub. L. 89-329, title II, § 231, as added Pub. L. 94-482, title I, § 107, Oct. 12, 1976, 90 Stat. 2090, set out the Congressional statement of findings and purpose for the research library resources strengthening program, prior to the general revision of this subchapter by Pub. L. 96-374.

Another prior section 1041, Pub. L. 89-329, title II, § 231, Nov. 8, 1965, 79 Stat. 1228; Pub. L. 90-575, title II, §§ 217, 218, Oct. 16, 1968, 82 Stat. 1037; Pub. L. 92-318, title I, § 114(a), June 23, 1972, 86 Stat. 240, authorized appropriations for assistance to Library of Congress for acquisition of Library material, prior to the general revision of this part by Pub. L. 94-482, title I, § 107, Oct. 12, 1976, 90 Stat. 2090.

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, substituting present provisions for provisions which related to: in subsec. (a), grant authority, in subsec. (b), grants under part C as precluding resource development grants, and in subsec. (c), eligibility for assistance of nonqualifying institutions based on demonstration of significance for scholarly research of particular collection described in grant proposal.

1986—Subsec. (b). Pub. L. 99-498, § 204(b)(2), struck out “or 1034” after “section 1029”.

Subsec. (c). Pub. L. 99-498, § 206, added subsec. (c).

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1042. Geographical distribution of grants**

In making grants under this part, the Secretary shall endeavor to achieve broad and equitable geographical distribution throughout the Nation.

(Pub. L. 89-329, title II, § 232, as added Pub. L. 96-374, title II, § 201, Oct. 3, 1980, 94 Stat. 1386; amended Pub. L. 102-325, title II, § 201, July 23, 1992, 106 Stat. 471.)

**PRIOR PROVISIONS**

A prior section 1042, Pub. L. 89-329, title II, § 232, as added Pub. L. 94-482, title I, § 107, Oct. 12, 1976, 90 Stat. 2090; amended Pub. L. 96-49, § 3(b), Aug. 13, 1979, 93 Stat. 351, which authorized appropriations through fiscal year 1980, was omitted in the general revision of this subchapter by Pub. L. 96-374.

Another prior section 1042, Pub. L. 89-329, title II, § 232, as added Pub. L. 92-318, title I, § 115(a), June 23, 1972, 86 Stat. 241, which required an evaluation and report to Congressional committees by the Librarian of the Congress, was omitted in the general revision of this part by Pub. L. 94-482, title I, § 107, Oct. 12, 1976, 90 Stat. 2090.

Prior sections 1043 to 1046 were omitted in the general revision of this subchapter by Pub. L. 96-374.

Section 1043, Pub. L. 89-329, title II, § 233, as added Pub. L. 94-482, title I, § 107, Oct. 12, 1976, 90 Stat. 2090, related to eligibility for assistance under research library resources strengthening program.

Section 1044, Pub. L. 89-329, title II, § 234, as added Pub. L. 94-482, title I, § 107, Oct. 12, 1976, 90 Stat. 2090, related to regional balance in allocation of funds.

Section 1045, Pub. L. 89-329, title II, § 235, as added Pub. L. 94-482, title I, § 107, Oct. 12, 1976, 90 Stat. 2091, set out limitations on grants as regards sectarian or religious use.

Section 1046, Pub. L. 89-329, title II, § 236, as added Pub. L. 94-482, title I, § 107, Oct. 12, 1976, 90 Stat. 2091, required consultations by grantees with State agencies.

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, reenacting provisions without change.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**PART D—STRENGTHENING LIBRARY AND INFORMATION SCIENCE PROGRAMS AND LIBRARIES IN HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND OTHER MINORITY-SERVING INSTITUTIONS**

**PART REFERRED TO IN OTHER SECTIONS**

This part is referred to in section 1021 of this title.

**§ 1047. Strengthening library and information science programs and libraries in historically black colleges and universities and other minority-serving institutions**

**(a) Eligible institutions**

For the purposes of this section, the term “eligible institution” means—

(1) an historically black college or university; or

(2) an institution of higher education which—

(A) serves a large number or high percentage of minority students; and

(B) enrolls and graduates minority students in library and information science programs.

**(b) General authority****(1) Authority of Secretary**

The Secretary is authorized to make grants to, and enter into contracts with—

(A) eligible institutions to assist such institutions in strengthening their library and information science programs and library resources; and

(B) eligible institutions, and library organizations or agencies which have nationally approved programs in library and information science, to assist such institutions and organizations in the education and training of African Americans and other under-represented racial, national origin, and ethnic minorities, particularly in areas of critical needs of library and information science.

**(2) Use of funds**

Such grants or contracts may be used by such institutions, library organizations, or agencies to—

(A) establish, develop, or strengthen libraries and library and information science programs, including new techniques of information transfer and communication technology;

(B) assist in covering the cost of courses of study or staff development (including short-term or regular session institutes); and

(C) establish and maintain fellowships or traineeships with stipends (including allowances for travel, subsistence, and other expenses) for fellows who demonstrate need and who are working toward a graduate degree (and their dependents), not in excess of such maximum amounts as may be determined by the Secretary.

**(c) Traineeships**

Not less than 50 percent of the grants made under this section shall be for the purpose of establishing and maintaining fellowships or traineeships under subsection (a)(2) of this section.

**(d) Funding prohibition**

Notwithstanding any other provision of law, no funds are authorized to be appropriated to carry out this part for any fiscal year unless the amount appropriated to carry out each of parts A, B, and C of this subchapter for such fiscal year equals or exceeds the amount appropriated for such parts, respectively, for fiscal year 1992.

(Pub. L. 89-329, title II, §241, as added Pub. L. 99-498, title II, §207, Oct. 17, 1986, 100 Stat. 1289; amended Pub. L. 102-325, title II, §201, July 23, 1992, 106 Stat. 471; Pub. L. 103-208, §2(a)(3), Dec. 20, 1993, 107 Stat. 2457.)

**PRIOR PROVISIONS**

Prior sections 1047 to 1047j were omitted in the general revision of this part by Pub. L. 99-498.

Section 1047, Pub. L. 89-329, title II, §241, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1386, stated congressional declaration of purpose.

Section 1047a, Pub. L. 89-329, title II, §242, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1387, established National Periodical System Corporation.

Section 1047b, Pub. L. 89-329, title II, §243, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1387, related to functions of National Periodical System Corporation.

Section 1047c, Pub. L. 89-329, title II, §244, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1387, related to board of directors of National Periodical System Corporation.

Section 1047d, Pub. L. 89-329, title II, §245, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1388, related to director and staff of National Periodical System Corporation.

Section 1047e, Pub. L. 89-329, title II, §246, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1388, related to nonprofit nature of National Periodical System Corporation.

Section 1047f, Pub. L. 89-329, title II, §247, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1388, related to authority of National Periodical System Corporation.

Section 1047g, Pub. L. 89-329, title II, §248, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1389, related to congressional approval of design for national periodical system.

Section 1047h, Pub. L. 89-329, title II, §249, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1389, related to affect of this part on copyright law.

Section 1047i, Pub. L. 89-329, title II, §250, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1389, defined terms used in this part.

Section 1047j, Pub. L. 89-329, title II, §251, as added Pub. L. 96-374, title II, §201, Oct. 3, 1980, 94 Stat. 1390, authorized appropriations to carry out this part.

**AMENDMENTS**

1993—Subsec. (a)(2)(B). Pub. L. 103-208 substituted “information science” for “information service”.

1992—Pub. L. 102-325 amended section generally, substituting present provisions for provisions establishing program of college library technology and cooperation grants.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**SUBCHAPTER III—INSTITUTIONAL AID****CODIFICATION**

Title III of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L. 89-329, title III, Nov. 8, 1965, 79 Stat. 1229, and amended by Pub. L. 89-752, Nov. 3, 1966, 80 Stat. 1240; Pub. L. 90-575, Oct. 16, 1968, 82 Stat. 1014; Pub. L. 91-230, Apr. 13, 1970, 84 Stat. 121; Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 93-380, Aug. 21, 1974, 88 Stat. 484; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357; Pub. L. 98-95, Sept. 26, 1983, 97 Stat. 708; Pub. L. 98-312, June 12, 1984, 98 Stat. 233. Such title is shown herein, however, as having been added by Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1290, without reference to such intervening amendments because of the extensive revision of title III by Pub. L. 99-498.

**SUBCHAPTER REFERRED TO IN OTHER SECTIONS**

This subchapter is referred to in sections 1132i-2, 1134r, 7476 of this title.

**§ 1051. Findings and purpose****(a) Findings**

The Congress finds that—

(1) there are a significant number of institutions of higher education serving high percentages of minority students and students from low-income backgrounds, that face problems that threaten their ability to survive;

(2) the problems relate to the management and fiscal operations of certain institutions of higher education, as well as to an inability to engage in long-range planning and development activities, including endowment building;

(3) the subchapter III program prior to 1985 did not always meet the specific development needs of historically Black colleges and universities and other institutions with large concentrations of minority, low-income students;

(4) the solution of the problems of these institutions would enable them to become viable, fiscally stable and independent, thriving institutions of higher education;

(5) providing assistance to eligible institutions will enhance the role of such institutions in providing access and quality education to low-income and minority students;

(6) these institutions play an important role in the American system of higher education, and there is a strong national interest in assisting them in solving their problems and in stabilizing their management and fiscal operations, and in becoming financially independent; and

(7) there is a particular national interest in aiding those institutions of higher education that have historically served students who have been denied access to postsecondary education because of race or national origin and whose participation in the American system of higher education is in the Nation's interest so that equality of access and quality of postsecondary education opportunities may be enhanced for all students.

#### (b) Purpose

It is the purpose of this subchapter to assist such institutions in equalizing educational opportunity through a program of Federal assistance.

(Pub. L. 89-329, title III, § 301, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1290; amended Pub. L. 102-325, title III, § 301, July 23, 1992, 106 Stat. 472; Pub. L. 103-208, § 2(a)(4), Dec. 20, 1993, 107 Stat. 2457.)

#### PRIOR PROVISIONS

A prior section 1051, Pub. L. 89-329, title III, § 301, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1390, stated Congressional findings and purposes for program of providing Federal assistance to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1051, Pub. L. 89-329, title III, § 301, Nov. 8, 1965, 79 Stat. 1229; Pub. L. 89-752, § 10, Nov. 3, 1966, 80 Stat. 1243; Pub. L. 90-575, title II, §§ 221, 222, Oct. 16, 1968, 82 Stat. 1038; Pub. L. 92-318, title I, § 121(a), June 23, 1972, 86 Stat. 241; Pub. L. 94-482, title I, § 111, Oct. 12, 1976, 90 Stat. 2091; Pub. L. 96-49, § 4, Aug. 13, 1979, 93 Stat. 351, related to a program of special assistance to strengthen the academic quality of developing institutions, prior to the general revision of this subchapter by Pub. L. 96-374.

Prior sections 1052 to 1056 were omitted in the general revision of this subchapter by Pub. L. 96-374.

Section 1052, Pub. L. 89-329, title III, § 302, Nov. 8, 1965, 79 Stat. 1229; Pub. L. 92-318, title I, § 121(a), June 23, 1972, 86 Stat. 241; Pub. L. 93-380, title VIII, § 832, Aug. 21, 1974, 88 Stat. 603; Pub. L. 94-482, title I, § 112, Oct. 12, 1976, 90 Stat. 2091, related to eligibility for special assistance.

Section 1053, Pub. L. 89-329, title III, § 303, Nov. 8, 1965, 79 Stat. 1230; Pub. L. 91-230, title IV, § 401(h)(4), Apr. 13, 1970, 84 Stat. 174; Pub. L. 92-318, title I, § 121(a), title III, § 301(a)(1), June 23, 1972, 86 Stat. 242, 326, provided for the establishment of an Advisory Council on Developing Institutions.

Section 1054, Pub. L. 89-329, title III, § 304, Nov. 8, 1965, 79 Stat. 1230; Pub. L. 92-318, title I, § 121(a), June 23, 1972, 86 Stat. 243, authorized the Commissioner of Education to make grants and awards.

Section 1055, Pub. L. 89-329, title III, § 305, Nov. 8, 1965, 79 Stat. 1231; Pub. L. 92-318, title I, § 121(a), June 23, 1972, 86 Stat. 244, related to assistance to developing institutions under other programs.

Section 1056, Pub. L. 89-329, title III, § 306, as added Pub. L. 90-575, title II, § 223(a), Oct. 16, 1968, 82 Stat. 1038; amended Pub. L. 92-318, title I, § 121(a), June 23, 1972, 86 Stat. 245, prohibited the use of funds for religious activities.

#### AMENDMENTS

1993—Subsec. (a)(2). Pub. L. 103-208 struck out the comma after “planning”.

1992—Subsec. (a)(1). Pub. L. 102-325, § 301(1), amended par. (1) generally. Prior to amendment, par. (1) read as follows: “many institutions of higher education in this era of declining enrollments and scarce resources face problems which threaten their ability to survive;”.

Subsec. (a)(2). Pub. L. 102-325, § 301(2), struck out “recruitment activities,” after “long-range planning.”.

Subsec. (a)(5). Pub. L. 102-325, § 301(3), amended par. (5) generally. Prior to amendment, par. (5) read as follows: “providing a minimum level of assistance to all categories of eligible institutions will assure the continued participation of the institutions in the program established in this subchapter and enhance their role in providing access and quality education to low-income and minority students;”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section 301(b) of Pub. L. 99-498 provided that: “The amendment made by subsection (a) [enacting this subchapter] shall take effect July 1, 1987.”

### PART A—STRENGTHENING INSTITUTIONS

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1059a, 1065, 1067, 1068, 1069, 1069b, 1069f of this title.

### § 1057. Program purpose

#### (a) General authorization

The Secretary shall carry out a program, in accordance with this part, to improve the academic quality, institutional management, and fiscal stability of eligible institutions, in order to increase their self-sufficiency and strengthen their capacity to make a substantial contribution to the higher education resources of the Nation.

**(b) Grants awarded; special consideration**

(1) From the sums available for this part under section 1069f(a)(1) of this title, the Secretary may award grants to any eligible institution with an application approved under section 1066 of this title in order to assist such an institution to plan, develop, or implement activities that promise to strengthen the institution.

(2) Special consideration shall be given to any eligible institution—

(A) which has endowment funds (other than any endowment fund built under section 1065 of this title as in effect on September 30, 1986, and under part B of this subchapter) the market value of which, per full-time equivalent student, is less than the average current market value of the endowment funds, per full-time equivalent student (other than any endowment fund built under section 1065 of this title as in effect on September 30, 1986, and under part B of this subchapter) at similar institutions; or

(B) which has expenditures per full-time equivalent student for library materials which is less than the average of the expenditures for library materials per full-time equivalent student by other similarly situated institutions.

(3) Special consideration shall be given to applications which propose, pursuant to the institution's plan, to engage in—

- (A) faculty development;
- (B) funds and administrative management;
- (C) development and improvement of academic programs;
- (D) acquisition of equipment for use in strengthening funds management and academic programs;
- (E) joint use of facilities such as libraries and laboratories; and
- (F) student services.

(Pub. L. 89-329, title III, §311, as added Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1291; amended Pub. L. 100-50, §2(a)(1), June 3, 1987, 101 Stat. 335.)

**PRIOR PROVISIONS**

A prior section 1057, Pub. L. 89-329, title III, §311, as added Pub. L. 96-374, title III, §301, Oct. 3, 1980, 94 Stat. 1391, enumerated purposes and established grant authority for program to strengthen eligible institutions, prior to the general revision of this subchapter by Pub. L. 99-498.

**AMENDMENTS**

1987—Subsec. (b)(1). Pub. L. 100-50 substituted “section 1069f(a)(1) of this title” for “section 1069d(a)(1) of this title”.

**EFFECTIVE DATE OF 1987 AMENDMENT**

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1059a, 1066, 1068, 1969 of this title.

**§ 1058. Definitions; eligibility****(a) Educational and general expenditures**

For the purpose of this part, the term “educational and general expenditures” means the

total amount expended by an institution of higher education for instruction, research, public service, academic support (including library expenditures), student services, institutional support, scholarships and fellowships, operation and maintenance expenditures for the physical plant, and any mandatory transfers which the institution is required to pay by law.

**(b) Eligible institution**

For the purpose of this part, the term “eligible institution” means—

(1) an institution of higher education—

(A) which has an enrollment of needy students as required by subsection (c) of this section;

(B) except as provided in section 1067(b) of this title, the average educational and general expenditures of which are low, per full-time equivalent undergraduate student, in comparison with the average educational and general expenditures per full-time equivalent undergraduate student of institutions that offer similar instruction;

(C) which is—

(i) legally authorized to provide, and provides within the State, an educational program for which such institution awards a bachelor's degree;

(ii) a junior or community college; or

(iii) the College of the Marshall Islands, the College of Micronesia/Federated States of Micronesia, and Palau Community College;

(D) which is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be reliable authority as to the quality of training offered or which is, according to such an agency or association, making reasonable progress toward accreditation;

(E) which meets such other requirements as the Secretary may prescribe; and

(F) located in a State; and

(2) any branch of any institution of higher education described under paragraph (1) which by itself satisfies the requirements contained in subparagraphs (A) and (B) of such paragraph.

For purposes of the determination of whether an institution is an eligible institution under this paragraph, the factor described under paragraph (1)(A) shall be given twice the weight of the factor described under paragraph (1)(B).

**(c) Enrollment of needy students**

For the purpose of this part, the term “enrollment of needy students” means an enrollment at an institution of higher education or a junior or community college which includes—

(1) at least 50 percent of the degree students so enrolled who are receiving need-based assistance under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 in the second fiscal year preceding the fiscal year for which the determination is being made (other than loans for which an interest subsidy is paid pursuant to section 1078 of this title), or

(2) a substantial percentage of students receiving Pell Grants in the second fiscal year

preceding the fiscal year for which determination is being made, in comparison with the percentage of students receiving Pell Grants at all such institutions in the second fiscal year preceding the fiscal year for which the determination is made, unless the requirement of this subdivision is waived under section 1067(a) of this title.

**(d) Full-time equivalent students**

For the purpose of this part, the term “full-time equivalent students” means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by 12) at such institution.

**(e) Junior or community college**

For the purpose of this part, the term “junior or community college” means an institution of higher education—

(1) that admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit from the training offered by the institution;

(2) that does not provide an educational program for which it awards a bachelor's degree (or an equivalent degree); and

(3) that—

(A) provides an educational program of not less than 2 years that is acceptable for full credit toward such a degree, or

(B) offers a 2-year program in engineering, mathematics, or the physical or biological sciences, designed to prepare a student to work as a technician or at the semi-professional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.

**(f) Historically black college or university**

For the purposes of this section, no historically black college or university which is eligible for and receives funds under part B of this subchapter is eligible for or may receive funds under this part.

(Pub. L. 89-329, title III, §312, as added Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1292; amended Pub. L. 100-50, §2(a)(2)–(6), June 3, 1987, 101 Stat. 335; Pub. L. 100-369, §10(a), July 18, 1988, 102 Stat. 837; Pub. L. 102-325, title III, §302(a), (b), July 23, 1992, 106 Stat. 472; Pub. L. 103-208, §2(a)(5), Dec. 20, 1993, 107 Stat. 2457; Pub. L. 103-382, title III, §353, Oct. 20, 1994, 108 Stat. 3966.)

**PRIOR PROVISIONS**

A prior section 1058, Pub. L. 89-329, title III, §312, as added Pub. L. 96-374, title III, §301, Oct. 3, 1980, 94 Stat. 1391, defined terms used in this subchapter, prior to the general revision of this subchapter by Pub. L. 99-498.

**AMENDMENTS**

1994—Subsec. (b)(1)(C). Pub. L. 103-382, §353(1), amended subpar. (C) generally. Prior to amendment, subpar. (C) read as follows: “(C)(i) which is legally authorized

to provide, and provides within the State, an educational program for which it awards a bachelor's degree, or (ii) which is a junior or community college;”.

Subsec. (b)(1)(F). Pub. L. 103-382, §353(2), (3), added subpar. (F).

1993—Subsec. (c)(2). Pub. L. 103-208 inserted “the” after “such institutions in”.

1992—Subsec. (b)(1), (2). Pub. L. 102-325, §302(a)(1), (2), inserted “and” at end of subpar. (D), struck out subpar. (E), redesignated subpar. (F) as (E) and inserted “and” at end, and substituted period for semicolon at end of par. (2). Prior to amendment, subpar. (E) of par. (1) read as follows: “except as provided in section 1067(b) of this title which has, during the 5 academic years preceding the academic year for which it seeks assistance under this part—

“(i) met the requirement of either subparagraph (C)(i) or (C)(ii), or of both such subparagraphs (simultaneously or consecutively); and

“(ii) met the requirement of subparagraph (D); and”.

Subsec. (b)(3) to (5). Pub. L. 102-325, §302(a)(3), struck out pars. (3) to (5) which read as follows:

“(3) any institution of higher education which has an enrollment of which at least 20 percent are Mexican American, Puerto Rican, Cuban, or other Hispanic students, or combination thereof, and which also satisfies the requirements of subparagraphs (A), (B), (C), and (D) of paragraph (1);

“(4) any institution of higher education which has an enrollment of at least 60 percent American Indian, or in the case of Alaska natives, an enrollment of at least 5 percent, and which also satisfies the requirements of subparagraphs (A), (B), (C), and (D) of paragraph (1); and

“(5) any institution of higher education which has an enrollment of which at least 5 percent are Native Hawaiian, Asian American, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianian, or any combination thereof, and which also satisfies the requirements of subparagraphs (A), (B), (C), and (D) of paragraph (1).”

Subsec. (c)(2). Pub. L. 102-325, §302(b), substituted “second fiscal year preceding the fiscal year for which the determination is made, unless the requirement” for “second preceding fiscal year, unless the requirement”.

1988—Subsec. (f). Pub. L. 100-369 added subsec. (f).

1987—Subsec. (b)(1)(C), (D). Pub. L. 100-50, §2(a)(2)(A), inserted “which” before “is” wherever appearing.

Subsec. (b)(1)(E). Pub. L. 100-50, §2(a)(2)(B), inserted “which” before “has”.

Subsec. (b)(1)(F). Pub. L. 100-50, §2(a)(2)(C), inserted “which” before “meets”.

Subsec. (b)(3), (5). Pub. L. 100-50, §2(a)(3), (4), substituted “subparagraphs (A), (B), (C), and (D)” for “subparagraphs (A) and (B)”.

Subsec. (c)(1). Pub. L. 100-50, §2(a)(5), inserted “in the second fiscal year preceding the fiscal year for which the determination is being made” after “chapter 34 of title 42”.

Subsec. (c)(2). Pub. L. 100-50, §2(a)(6), substituted “fiscal year preceding the fiscal year for which determination is being made” for “preceding fiscal year” and “second preceding fiscal year” for “such fiscal year”.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**EFFECTIVE DATE OF 1987 AMENDMENT**

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986,

Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1059c, 1063a, 1065, 1066, 1067, 1409 of this title; title 10 section 2194; title 25 sections 1616h, 1809.

### § 1059. Duration of grant

#### (a) Award period

The Secretary may award a grant to an eligible institution under this part for 5 years.

#### (b) Limitations

In awarding grants under this part the Secretary shall give priority to applicants who are not already receiving a grant under this part, except that for the purpose of this subsection a grant under section 1069(a)(1) of this title shall not be considered a grant under this part.

#### (c) Planning grants

Notwithstanding subsection (a) of this section, the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of preparation of plans and applications for a grant under this part.

(Pub. L. 89-329, title III, §313, as added Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1294; amended Pub. L. 102-325, title III, §302(c), July 23, 1992, 106 Stat. 472; Pub. L. 103-208, §2(a)(6), Dec. 20, 1993, 107 Stat. 2457.)

#### PRIOR PROVISIONS

A prior section 1059, Pub. L. 89-329, title III, §313, as added Pub. L. 96-374, title III, §301, Oct. 3, 1980, 94 Stat. 1392, provided for duration of grants under this part, prior to the general revision of this subchapter by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-208 inserted before period at end “, except that for the purpose of this subsection a grant under section 1069(a)(1) of this title shall not be considered a grant under this part”.

1992—Subsecs. (a), (b). Pub. L. 102-325 amended subsecs. (a) and (b) generally, substituting present provisions for provisions which related: in subsec. (a), to the awarding of grants for not to exceed 3, 4, or 5 years; and in subsec. (b), to waiting periods for awarding of subsequent grants.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1069 of this title.

### § 1059a. Application review process

#### (a) Review panel

(1) All applications submitted under part A of this subchapter by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary

which shall include outside readers who are not employees of the Federal Government. The Secretary shall ensure that no individual assigned under this section to review any application has any conflict of interest with regard to that application which might impair the impartiality with which that individual conducts the review under this section.

(2) The Secretary shall take care to include as readers representatives of historically and predominantly Black colleges, Hispanic institutions, Native American colleges and universities, and institutions with substantial numbers of students who are Hispanic, Native American, Asian American, and Native American Pacific Islander (including Native Hawaiians).

(3) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under part A of this subchapter, including—

(A) explanations and examples of the types of activities referred to in section 1057(b) of this title that must receive special consideration for grants awarded under part A of this subchapter;

(B) an enumeration of the factors to be used to determine the quality of applications submitted under part A of this subchapter; and

(C) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under part A of this subchapter, the amount of any such grant, and the duration of any such grant.

#### (b) Recommendations of panel

In awarding grants under part A of this subchapter, the Secretary shall take into consideration the recommendations of the panel established under subsection (a) of this section.

#### (c) Notification

Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under part A of this subchapter of—

(1) the scores given the applicant by the panel pursuant to this section;

(2) the recommendations of the panel with respect to such application; and

(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under part A of this subchapter and any modifications, if any, in the recommendations of the panel made by the Secretary.

(Pub. L. 89-329, title III, §314, as added Pub. L. 100-50, §2(b), June 3, 1987, 101 Stat. 336.)

#### EFFECTIVE DATE

Section effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as an Effective Date of 1987 Amendment note under section 1001 of this title.

### § 1059b. Goals for financial management and academic program

#### (a) Goals

Any application for a grant under this part shall describe measurable goals for the institution's financial management and academic programs, and include a plan of how the applicant intends to achieve those goals.

**(b) Continuation requirements**

Any continuation application shall demonstrate the progress made toward achievement of the goals described pursuant to subsection (a) of this section.

(Pub. L. 89-329, title III, §315, as added Pub. L. 102-325, title III, §302(d)(1), July 23, 1992, 106 Stat. 472.)

**EFFECTIVE DATE**

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1059c. Hispanic-serving institutions****(a) Program authorized**

The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic and other low-income students.

**(b) Definitions**

For the purpose of this section—

(1) the term “Hispanic-serving institution” means an institution of higher education which—

(A) is an eligible institution under section 1058(b) of this title;

(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students;

(C) provides assurances that—

(i) not less than 50 percent of its Hispanic students are low-income individuals who are first generation college students; and

(ii) another 25 percent of its Hispanic students are either low-income individuals or first generation college students;

(2) the term “first generation college student” means—

(A) an individual both of whose parents did not complete a baccalaureate degree; or

(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree; and

(3) the term “low-income individual” means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

**(c) Authorized activities****(1) Types of activities authorized**

Grants awarded under this section shall be used by Hispanic-serving institutions of higher education to assist such institutions to plan, develop, undertake, and carry out programs.

**(2) Examples of authorized activities**

Such programs may include—

(A) purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes;

(B) renovation and improvement in classroom, library, laboratory, and other instructional facilities;

(C) support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction;

(D) curriculum development and academic instruction;

(E) purchase of library books, periodicals, microfilm, and other educational materials;

(F) funds and administrative management, and acquisition of equipment for use in strengthening funds management;

(G) joint use of facilities such as laboratories and libraries; and

(H) academic tutoring and counseling programs and student support services.

**(d) Application process****(1) Institutional eligibility**

Each Hispanic-serving institution desiring to receive assistance under this chapter shall submit to the Secretary such enrollment data as may be necessary to demonstrate that it is a Hispanic-serving institution as defined in paragraph (1) of subsection (b) of this section, along with such other information and data as the Secretary may by regulation require.

**(2) Applications**

Any institution which is determined by the Secretary to be a Hispanic-serving institution (on the basis of the information and data submitted under paragraph (1)) may submit an application for assistance under this section to the Secretary. Such application shall include—

(A) a 5-year plan for improving the assistance provided by the Hispanic-serving institution to Hispanic and other low-income students; and

(B) such other information and assurance as the Secretary may require.

**(3) Priority**

The Secretary shall give priority to applications that contain satisfactory evidence that such institution has entered into or will enter into a collaborative arrangement with at least one local educational agency to provide such agency with assistance (from funds other than funds provided under this part) in reducing Hispanic dropout rates, improving Hispanic rates of academic achievement, and increasing the rates at which Hispanic high school graduates enroll in higher education.

**(e) Special rule**

For the purposes of this section, no Hispanic-serving college or university which is eligible for and receives funds under this section may concurrently receive other funds under this part or part B of this subchapter.

(Pub. L. 89-329, title III, §316, as added Pub. L. 102-325, title III, §302(d)(1), July 23, 1992, 106 Stat. 473; amended Pub. L. 103-208, §2(a)(7), Dec. 20, 1993, 107 Stat. 2457.)

**REFERENCES IN TEXT**

This chapter, referred to in subsec. (d)(1), was in the original “this Act”, meaning Pub. L. 89-329, as amend-



ed, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### AMENDMENTS

1993—Subsec. (c). Pub. L. 103-208 substituted “(2) EXAMPLES OF AUTHORIZED ACTIVITIES.—Such programs may include—” for “Such programs may include—”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1069f of this title; title 10 section 2323.

### PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1057, 1058, 1059c, 1063c, 1065, 1068, 1069, 1069b, 1069f, 1085, 1131 of this title.

## § 1060. Findings and purposes

The Congress finds that—

(1) the historically Black colleges and universities have contributed significantly to the effort to attain equal opportunity through postsecondary education for Black, low-income, and educationally disadvantaged Americans;

(2) States and the Federal Government have discriminated in the allocation of land and financial resources to support Black public institutions under the Morrill Act of 1862 [7 U.S.C. 301 et seq.] and its progeny, and against public and private Black colleges and universities in the award of Federal grants and contracts, and the distribution of Federal resources under this chapter and other Federal programs which benefit institutions of higher education;

(3) the current state of Black colleges and universities is partly attributable to the discriminatory action of the States and the Federal Government and this discriminatory action requires the remedy of enhancement of Black postsecondary institutions to ensure their continuation and participation in fulfilling the Federal mission of equality of educational opportunity; and

(4) financial assistance to establish or strengthen the physical plants, financial management, academic resources, and endowments of the historically Black colleges and universities are appropriate methods to enhance these institutions and facilitate a decrease in reliance on governmental financial support and to encourage reliance on endowments and private sources.

(Pub. L. 89-329, title III, § 321, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1294.)

#### REFERENCES IN TEXT

The Morrill Act of 1862, referred to in par. (2), is act July 2, 1862, ch. 130, 12 Stat. 503, as amended, also known as the First Morrill Act, which is classified generally to subchapter I (§ 301 et seq.) of chapter 13 of Title 7, Agriculture. For complete classification of this Act to the Code, see Short Title note set out under section 301 of Title 7 and Tables.

This chapter, referred to in par. (2), was in the original “this Act”, meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1060, Pub. L. 89-329, title III, § 321, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1393, set out purpose and grant authority for program of aiding institutions with special needs, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1060, Pub. L. 90-575, title V, § 504, Oct. 16, 1968, 82 Stat. 1062, related to eligibility for student assistance because of conviction of crimes involving force, disruption, or seizure of property of educational institution; refusal to obey regulations or orders and disruption of administration of institution; other misconduct, disciplinary proceedings, and freedom of expression; and description of programs covered by such disqualification, prior to repeal by Pub. L. 92-318, title I, § 139B(b), June 23, 1972, 86 Stat. 282.

#### EXECUTIVE ORDER NO. 12320

Ex. Ord. No. 12320, Sept. 15, 1981, 46 F.R. 46107, which provided for the development of a Federal program to achieve a significant increase in the participation by historically Black colleges and universities in Federally sponsored programs, was revoked by Ex. Ord. No. 12677, Apr. 28, 1989, 54 F.R. 18869, formerly set out below.

#### EXECUTIVE ORDER NO. 12677

Ex. Ord. No. 12677, Apr. 28, 1989, 54 F.R. 18869, which provided for the development of a Federal program to achieve a significant increase in the participation by historically Black colleges and universities in Federally sponsored programs, was revoked by Ex. Ord. No. 12876, § 13, Nov. 1, 1993, 58 F.R. 58735, set out below.

#### EX. ORD. NO. 12876. HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Ex. Ord. No. 12876, Nov. 1, 1993, 58 F.R. 58735, provided: By the authority vested in me as President by the Constitution and the laws of the United States of America, in order to advance the development of human potential, to strengthen the capacity of historically Black colleges and universities to provide quality education, and to increase opportunities to participate in and benefit from Federal programs, it is hereby ordered as follows:

SECTION 1. There shall be established in the Department of Education the President's Board of Advisors on Historically Black Colleges and Universities (“Board of Advisors” or “Board”), a Presidential advisory committee. The Board of Advisors shall issue an annual report to the President on participation by historically Black colleges and universities in federally sponsored programs. The Board of Advisors will also provide advice to the Secretary of Education (“Secretary”) and in the annual report to the President on how to increase the private sector role in strengthening historically Black colleges and universities, with particular emphasis on enhancing institutional infrastructure and facilitating planning, development, and the use of new technologies to ensure the goal of long-term viability and enhancement of these institutions. Notwithstanding the provisions of any other Executive order, the responsibilities of the President under the Federal Advisory Committee Act, as amended (5 U.S.C. App.), which is

applicable to the Board of Advisors, shall be performed by the Secretary, in accordance with the guidelines and procedures established by the Administrator of General Services.

SEC. 2. The members of the Board of Advisors shall be appointed by the President. The Board shall include representatives of historically Black colleges and universities, other institutions of higher education, business and financial institutions, private foundations, and secondary education.

SEC. 3. The White House Initiative on Historically Black Colleges and Universities, housed in the Department of Education, shall: (1) provide the staff, resources, and assistance for the Board of Advisors; (2) assist the Secretary in the role of liaison between the executive branch and historically Black colleges and universities; and (3) serve the Secretary in carrying out his responsibilities under this order.

SEC. 4. To carry out the purposes of this order, each executive department and each agency designated by the Secretary shall, consistent with applicable law, enter into appropriate grants, contracts, or cooperative agreements with historically Black colleges and universities. The head of each agency subject to this order shall establish an annual goal for the amount of funds to be awarded in grants, contracts, or cooperative agreements to historically Black colleges and universities. Consistent with the funds available to the agency, the goal shall be an amount above the actual amount of such awards from the previous fiscal year and shall represent a substantial effort to increase the amounts available to historically Black colleges and universities for grants, contracts, or cooperative agreements. In order to facilitate the attainment of the goals established by this section, the head of each agency subject to this order shall provide technical assistance and information to historically Black colleges and universities regarding the program activities of the agency and the preparation of applications or proposals for grants, contracts, or cooperative agreements.

SEC. 5. Each executive department and designated agency shall appoint a senior official, who is a full-time officer of the Federal Government and who is responsible for management or program administration, to report directly to the department or agency head or designated agency representative on department or agency activity under this order and to serve as liaison to the Board and White House Initiative. To the extent permitted by law and regulation, each executive department and designated agency shall provide appropriate information requested by the Board and the White House Initiative staff pursuant to this order.

SEC. 6. Each executive department and designated agency shall develop an annual plan for, and shall document, the agency's effort to increase the ability of historically Black colleges and universities to participate in federally sponsored programs. These plans shall describe the measurable objectives for proposed agency actions to fulfill this order and shall be submitted at such time and in such form as the Secretary shall designate. In consultation with participating agencies, the Secretary shall review these plans and develop, with the advice of the Board of Advisors, an integrated Annual Federal Plan for Assistance to Historically Black Colleges and Universities for consideration by the President. The Secretary shall ensure that each president of a historically Black college or university is given the opportunity to comment on the proposed Annual Federal Plan prior to consideration by the President. Each participating agency shall submit to the Secretary and the Director of the Office of Management and Budget, an Annual Performance Report that shall measure each agency's performance against the objectives set forth in its annual plan. The Director of the Office of Management and Budget shall be responsible for overseeing compliance with the Annual Federal Plan.

SEC. 7. Each year the Board of Advisors shall report to the President on the progress achieved in enhancing the role and capabilities of historically Black colleges

and universities, including findings and recommendations on the Annual Performance Reports, described in Section 6, submitted by the participating agencies. The Secretary shall disseminate the annual report to appropriate members of the executive branch and make every effort to ensure that findings of the Board of Advisors are taken into account in the policies and actions of every executive agency.

SEC. 8. The Department of Education, along with other Federal departments or agencies, shall work to encourage the private sector to assist historically Black colleges and universities through increased use of such devices and activities as: (1) private sector matching funds to support increased endowments; (2) private sector task forces for institutions in need of assistance; and (3) private sector expertise to facilitate the development of more effective ways to manage finances, improve information management, strengthen facilities, and improve course offerings. These steps will be taken with the goals of enhancing the career prospects of graduates of historically Black colleges and universities and increasing the number of such graduates with degrees in science and technology.

SEC. 9. In all its recommendations, the Board of Advisors shall emphasize ways to support the long-term development plans of each historically Black college and university. The Board of Advisors shall recommend alternative sources of faculty talent, particularly in the fields of science and technology, including faculty exchanges and referrals from other institutions of higher education, private sector retirees, Federal employees and retirees, and emeritus faculty members at other institutions of higher education.

SEC. 10. The Board of Advisors, through the White House Initiative, shall provide advice on how historically Black colleges and universities can achieve greater financial security. To the maximum extent possible, the Board of Advisors shall consider how such institutions can enlist the resources and experience of the private sector to achieve such security.

SEC. 11. The Director of the Office of Personnel Management, in consultation with the Secretary and the Secretary of Labor, shall develop a program to improve recruitment and participation of graduates and undergraduate students of historically Black colleges and universities in part-time, summer and permanent positions in the Federal Government.

SEC. 12. Administration: (a) Members of the Board of Advisors shall serve without compensation, but shall be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Government service, (5 U.S.C. 5701-5707).

(b) The Board of Advisors and the White House Initiative shall obtain funding for their activities from the Department of Education.

(c) The Department of Education shall provide such administrative services for the Board as may be required.

SEC. 13. Executive Order No. 12677 of April 28, 1989, is hereby revoked.

WILLIAM J. CLINTON.

#### EXTENSION OF TERM OF PRESIDENT'S BOARD OF ADVISORS ON HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Term of President's Board of Advisors on Historically Black Colleges and Universities extended until Sept. 30, 1997, by Ex. Ord. No. 12974, Sept. 29, 1995, 60 F.R. 51875, set out as a note under section 14 of the Federal Advisory Committee Act in the Appendix to Title 5, Government Organization and Employees.

#### DETERMINATIONS REGARDING PRESIDENT'S BOARD OF ADVISORS

Memorandum of the President of the United States, Aug. 17, 1990, 55 F.R. 46491, provided:

Memorandum for the Secretary of Education

By virtue of the authority vested in me as President by the Constitution and the laws of the United States

of America, including section 208 of title 18 of the United States Code and section 301 of title 3 of the United States Code, I hereby delegate to the Secretary of Education my authority to make determinations under subsection (b) of section 208 of title 18, United States Code, for the members of the President's Board of Advisors on Historically Black Colleges and Universities, established pursuant to Executive Order 12677 of April 28, 1989 [formerly set out above].

This memorandum shall be published in the Federal Register.

GEORGE BUSH.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1061 of this title.

### § 1061. Definitions

For the purpose of this part:

(1) The term "graduate" means an individual who has attended an institution for at least three semesters and fulfilled academic requirements for undergraduate studies in not more than 5 consecutive school years.

(2) The term "part B institution" means any historically Black college or university that was established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation,<sup>1</sup> except that any branch campus of a southern institution of higher education that prior to September 30, 1986, received a grant as an institution with special needs under section 1060 of this title and was formally recognized by the National Center for Education Statistics as a Historically Black College or University but was determined not to be a part B institution on or after October 17, 1986, shall, from July 18, 1988, be considered a part B institution.

(3) The term "Pell Grant recipient" means a recipient of financial aid under subpart 1 of part A of subchapter IV of this chapter.

(4) The term "professional and academic areas in which Blacks are underrepresented" shall be determined by the Secretary and the Commissioner of the Bureau of Labor Statistics, on the basis of the most recent available satisfactory data, as professional and academic areas in which the percentage of Black Americans who have been educated, trained, and employed is less than the percentage of Blacks in the general population.

(5) The term "school year" means the period of 12 months beginning July 1 of any calendar year and ending June 30 of the following calendar year.

(Pub. L. 89-329, title III, § 322, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1294; amended Pub. L. 100-369, § 10(c), July 18, 1988, 102 Stat. 838.)

#### PRIOR PROVISIONS

A prior section 1061, Pub. L. 89-329, title III, § 322, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1393, defined terms used in this part, prior to the general revision of this subchapter by Pub. L. 99-498.

<sup>1</sup> So in original.

Another prior section 1061, Pub. L. 89-329, title IV, § 401, Nov. 8, 1965, 79 Stat. 1232; Pub. L. 90-575, title I, § 101(a), (b)(1), Oct. 16, 1968, 82 Stat. 1017; Pub. L. 91-95, § 4, Oct. 22, 1969, 83 Stat. 143; Pub. L. 92-318, title I, § 131(a)(1)(A), June 23, 1972, 86 Stat. 247, related to statement of purpose and authorization of appropriations for educational opportunity grants, prior to the general revision of part A of subchapter IV of this chapter by Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 247.

#### AMENDMENTS

1988—Par. (2). Pub. L. 100-369 inserted "., except that any branch campus of a southern institution of higher education that prior to September 30, 1986, received a grant as an institution with special needs under section 1060 of this title and was formally recognized by the National Center for Education Statistics as a Historically Black College or University but was determined not to be a part B institution on or after October 17, 1986, shall, from July 18, 1988, be considered a part B institution" after "accreditation".

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1085, 1131a, 1131c, 1132c-1 of this title; title 25 section 1809; title 42 sections 1862d, 3035q.

### § 1062. Grants to institutions

#### (a) General authorization; uses of funds

From amounts available under section 1069f(a)(2) of this title in any fiscal year the Secretary shall make grants (under section 1063 of this title) to institutions which have applications approved by the Secretary (under section 1063a of this title) for any of the following uses:

(1) Purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes.

(2) Construction, maintenance, renovation, and improvement in classroom, library, laboratory, and other instructional facilities, including purchase or rental of telecommunications technology equipment or services.

(3) Support of faculty exchanges, and faculty development and faculty fellowships to assist in attaining advanced degrees in their field of instruction.

(4) Academic instruction in disciplines in which Black Americans are underrepresented.

(5) Purchase of library books, periodicals, microfilm, and other educational materials, including telecommunications program materials.

(6) Tutoring, counseling, and student service programs designed to improve academic success.

(7) Funds and administrative management, and acquisition of equipment for use in strengthening funds management.

(8) Joint use of facilities, such as laboratories and libraries.

(9) Establishing or improving a development office to strengthen or improve contributions from alumni and the private sector.

(10) Establishing or enhancing a program of teacher education designed to qualify students to teach in a public elementary or secondary school in the State that shall include, as part of such program, preparation for teacher certification.

(11) Establishing community outreach programs which will encourage elementary and

secondary students to develop the academic skills and the interest to pursue postsecondary education.

(12) Other activities proposed in the application submitted pursuant to section 1063a of this title that—

(A) contribute to carrying out the purposes of this part; and

(B) are approved by the Secretary as part of the review and acceptance of such application.

#### (b) Limitations

(1) No grant may be made under this chapter for any educational program, activity, or service related to sectarian instruction or religious worship, or provided by a school or department of divinity. For the purpose of this subsection, the term “school or department of divinity” means an institution whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation, or to prepare them to teach theological subjects.

(2) Not more than 50 percent of the allotment of any institution may be available for the purpose of constructing or maintaining a classroom, library, laboratory, or other instructional facility.

(3) The Secretary shall not award a grant under this part for telecommunications technology equipment, facilities or services, if such equipment, facilities or services are available pursuant to section 396(k) of title 47.

(Pub. L. 89-329, title III, §323, as added Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1295; amended Pub. L. 100-50, §2(a)(7), June 3, 1987, 101 Stat. 335; Pub. L. 100-369, §10(b), July 18, 1988, 102 Stat. 838; Pub. L. 102-325, title III, §303(a), (b), July 23, 1992, 106 Stat. 474, 475; Pub. L. 103-208, §2(a)(8), Dec. 20, 1993, 107 Stat. 2457.)

#### REFERENCES IN TEXT

This chapter, referred to in subsec. (b), was in the original “this Act”, meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1062, Pub. L. 89-329, title III, §323, as added Pub. L. 96-374, title III, §301, Oct. 3, 1980, 94 Stat. 1395, provided for duration of grants to institutions with special needs, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1062, Pub. L. 89-329, title IV, §402, Nov. 8, 1965, 79 Stat. 1232; Pub. L. 90-575, title I, §102, Oct. 16, 1968, 82 Stat. 1017, related to determination of amount of grant and establishment of basic criteria or schedules, prior to the general revision of part A of subchapter IV of this chapter by Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 247.

#### AMENDMENTS

1993—Subsec. (b)(3). Pub. L. 103-208 realigned margin.  
1992—Subsec. (a)(2). Pub. L. 102-325, §303(a)(1), inserted “, including purchase or rental of telecommunications technology equipment or services” after “facilities”.

Subsec. (a)(5). Pub. L. 102-325, §303(a)(2), inserted “, including telecommunications program materials” after “materials”.

Subsec. (a)(9) to (12). Pub. L. 102-325, §303(a)(3), added pars. (9) to (12).

Subsec. (b)(3). Pub. L. 102-325, §303(b), added par. (3).  
1988—Subsec. (a)(3). Pub. L. 100-369, §10(b)(1), inserted “, and faculty development” after “exchanges”.

Subsec. (a)(7), (8). Pub. L. 100-369, §10(b)(2), added pars. (7) and (8).

1987—Subsec. (a). Pub. L. 100-50 substituted “section 1069f(a)(2) of this title” for “section 1069d(a)(2) of this title”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1063a, 1063b, 1066, 1068, 1069 of this title.

### § 1063. Allotments to institutions

#### (a) Allotment; Pell Grant basis

From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-half that amount as the number of Pell Grant recipients in attendance at such institution at the end of the school year preceding the beginning of that fiscal year bears to the total number of Pell Grant recipients at all part B institutions.

#### (b) Allotment; graduates basis

From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-fourth that amount as the number of graduates for such school year at such institution bears to the total number of graduates for such school year at all part B institutions.

#### (c) Allotment; graduate and professional student basis

From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-fourth of that amount as the percentage of graduates per institution, who are admitted to and in attendance at, within 5 years of graduation with a baccalaureate degree, a graduate or professional school in a degree program in disciplines in which Blacks are underrepresented, bears to the percentage of such graduates per institution for all part B institutions.

#### (d) Minimum allotment

(1) Notwithstanding subsections (a), (b), and (c) of this section, the amount allotted to each part B institution under this section shall not be less than \$500,000.

(2) If the amount appropriated pursuant to section 1069f(a)(2)(A) of this title for any fiscal year

is not sufficient to pay the minimum allotment required by paragraph (1) of this subsection to all part B institutions, the amount of such minimum allotments shall be ratably reduced. If additional sums become available for such fiscal year, such reduced allocation shall be increased on the same basis as they were reduced (until the amount allotted equals the minimum allotment required by paragraph (1)).

**(e) Reallotment**

The amount of any part B institution's allotment under subsection (a), (b), (c), or (d) of this section for any fiscal year which the Secretary determines will not be required for such institution for the period such allotment is available shall be available for reallotment from time to time on such date during such period as the Secretary may determine to other part B institutions in proportion to the original allotment to such other institutions under this section for such fiscal year.

**(f) Special merger rule**

(1) The Secretary shall permit any eligible institution for a grant under part B in any fiscal year prior to the fiscal year 1986 to apply for a grant under this part if the eligible institution has merged with another institution of higher education which is not so eligible or has merged with an eligible institution.

(2) The Secretary may establish such regulations as may be necessary to carry out the requirement of paragraph (1) of this subsection.

**(g) Special rule for certain District of Columbia eligible institutions**

In any fiscal year that the Secretary determines that Howard University or the University of the District of Columbia will receive an allotment under subsections (b) and (c) of this section which is not in excess of amounts received by Howard University under section 123 of this title, relating to annual authorization of appropriations for Howard University, or by the University of the District of Columbia under the District of Columbia Self-Government and Governmental Reorganization Act (87 Stat. 774) for such fiscal year, then Howard University and the University of the District of Columbia, as the case may be, shall be ineligible to receive an allotment under this section.

(Pub. L. 89-329, title III, § 324, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1296; amended Pub. L. 99-509, title VII, § 7007, Oct. 21, 1986, 100 Stat. 1950; Pub. L. 102-325, title III, § 303(c), (d), July 23, 1992, 106 Stat. 475.)

REFERENCES IN TEXT

The District of Columbia Self-Government and Governmental Reorganization Act, referred to in subsec. (g), is Pub. L. 93-198, Dec. 24, 1973, 87 Stat. 774, which is classified principally to the District of Columbia Code. See chapter 2 (§1-201 et seq.) of Title 1, Administration, of the District of Columbia Code. For classification of this Act to the U.S. Code, see Tables.

PRIOR PROVISIONS

A prior section 1063, Pub. L. 89-329, title III, § 324, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1395, related to Federal share of grants to institutions with special needs, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1063, Pub. L. 89-329, title IV, § 403, Nov. 8, 1965, 79 Stat. 1233, related to duration of grant and eligibility for payments, prior to the general revision of part A of subchapter IV of this chapter by Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 247.

AMENDMENTS

1992—Subsec. (c), Pub. L. 102-325, § 303(c), inserted “, within 5 years of graduation with a baccalaureate degree,” after “in attendance at”.

Subsec. (d)(1), Pub. L. 102-325, § 303(d), substituted “\$500,000” for “\$350,000”.

1986—Subsec. (c), Pub. L. 99-509, § 7007(4), amended subsec. generally, substituting “percentage of graduates per institution” for “number of graduates” and “percentage of such graduates per institution” for “number of such graduates”.

Subsec. (d), Pub. L. 99-509, § 7007(1), (2), added subsec. (d). Former subsec. (d) redesignated (e).

Subsec. (e), Pub. L. 99-509, § 7007(1), (3), redesignated former subsec. (d) as (e), and substituted “subsection (a), (b), (c), or (d) of this section” for “subsection (a), (b), or (c) of this section”. Former subsec. (e) redesignated (f).

Subsecs. (f), (g), Pub. L. 99-509, § 7007(1), redesignated subsecs. (e) and (f) as (f) and (g), respectively.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1062, 1063a, 1065 of this title.

**§ 1063a. Applications**

**(a) Contents**

No part B institution shall be entitled to its allotment of Federal funds for any grant under section 1063 of this title for any period unless that institution meets the requirements of subparagraphs (C), (D), and (E)<sup>1</sup> of section 1058(b)(1) of this title and submits an application to the Secretary at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall—

(1) provide that the payments under this chapter will be used for the purposes set forth in section 1062 of this title; and

(2) provide for making an annual report to the Secretary and provide for—

(A) conducting, except as provided in subparagraph (B), a financial and compliance audit of an eligible institution, with regard to any funds obtained by it under this subchapter at least once every 2 years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(B) with regard to an eligible institution which is audited under chapter 75 of title 31 deeming such audit to satisfy the requirements of subparagraph (A) for the period covered by such audit.

<sup>1</sup> See References in Text note below.

**(b) Approval**

The Secretary shall approve any application which meets the requirements of subsection (a) of this section and shall not disapprove any application submitted under this part, or any modification thereof, without first affording such institution reasonable notice and opportunity for a hearing.

**(c) Goals for financial management and academic programs**

Any application for a grant under this part shall describe measurable goals for the institution's financial management and academic programs and include a plan of how the applicant intends to achieve those goals.

(Pub. L. 89-329, title III, §325, as added Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1296; amended Pub. L. 100-50, §2(a)(8), June 3, 1987, 101 Stat. 335; Pub. L. 102-325, title III, §303(e), July 23, 1992, 106 Stat. 475.)

## REFERENCES IN TEXT

Section 1058(b)(1)(E) of this title, referred to in subsec. (a), was repealed and section 1058(b)(1)(F) was redesignated section 1058(b)(1)(E) by Pub. L. 102-325, title III, §302(a)(1)(B), (C), July 23, 1992, 106 Stat. 472.

This chapter, referred to in subsec. (a)(1), was in the original "this Act", meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

## AMENDMENTS

1992—Subsec. (c). Pub. L. 102-325 added subsec. (c).  
1987—Subsec. (a)(1). Pub. L. 100-50 substituted "section 1062 of this title" for "section 1061 of this title".

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1062 of this title.

**§ 1063b. Professional or graduate institutions****(a) General authorization**

(1) Subject to the availability of funds appropriated to carry out this section, the Secretary shall award program grants to each of the postgraduate institutions listed in subsection (e) of this section that is determined by the Secretary to be making a substantial contribution to the legal, medical, dental, veterinary, or other graduate education opportunities for Black Americans.

(2) No grant in excess of \$500,000 may be made under this section unless the postgraduate institution provides assurances that 50 percent of the cost of the purposes for which the grant is made will be paid from non-Federal sources except that the Morehouse School of Medicine shall receive at least \$3,000,000.

**(b) Duration**

Grants shall be made for a period not to exceed 5 years. No more than two 5-year grants

(for a period of not more than 10 years) may be made to any one undergraduate or postgraduate institution.

**(c) Uses of funds**

A grant under this section may be used for—  
(1) any of the purposes enumerated under section 1062 of this title;

(2) to establish or improve a development office to strengthen and increase contributions from alumni and the private sector; and

(3) to assist in the establishment or maintenance of an institutional endowment to facilitate financial independence pursuant to section 1065 of this title.

**(d) Application**

Any institution eligible for a grant under this section shall submit an application which—

(1) demonstrates how the grant funds will be used to improve graduate educational opportunities for Black and low-income students, and lead to greater financial independence; and

(2) provides, in the case of applications for grants in excess of \$500,000, the assurances required by subsection (a)(2) of this section and specifies the manner in which the eligible institution is going to pay the non-Federal share of the cost of the application.

**(e) Eligibility****(1) In general**

Independent professional or graduate institutions and programs eligible for grants under subsection (a) of this section include—

(A) Morehouse School of Medicine;

(B) Meharry Medical School;

(C) Charles R. Drew Postgraduate Medical School;

(D) Clark-Atlanta University;

(E) Tuskegee University School of Veterinary Medicine;

(F) Xavier University School of Pharmacy;

(G) Southern University School of Law;

(H) Texas Southern University School of Law and School of Pharmacy;

(I) Florida A&M University School of Pharmaceutical Sciences;

(J) North Carolina Central University School of Law;

(K) Morgan State University qualified graduate program;

(L) Hampton University qualified graduate program;

(M) Alabama A&M qualified graduate program;

(N) North Carolina A&T State University qualified graduate program;

(O) University of Maryland Eastern Shore qualified graduate program; and

(P) Jackson State qualified graduate program.

**(2) Qualified graduate program**

For the purposes of this section, the term "qualified graduate program" means a graduate or professional program that—

(A) provides a program of instruction in the physical or natural sciences, engineering, mathematics, or other scientific discipline in which African Americans are underrepresented; and

(B) has students enrolled in such program at the time of application for a grant under this section.

**(3) Special rule**

Graduate institutions that were awarded grants under this section prior to October 1, 1992 shall continue to receive such grant payments, regardless of the eligibility of the graduate institutions described in subparagraphs (F) through (P), until such grant period has expired or September 30, 1993, whichever is later.

**(4) One grant per institution**

The Secretary shall not award more than 1 grant under this section in any fiscal year to any institution of higher education or university system.

**(f) Funding rule**

Of the amount appropriated to carry out this section for any fiscal year—

(1) the first \$12,000,000 (or any lesser amount appropriated) shall be available only for the purposes of making grants to institutions or programs described in subparagraphs (A) through (E) of subsection (e)(1) of this section;

(2) any amount appropriated in excess of \$12,000,000 shall be available—

(A) for the purposes of making grants, in equal amounts not to exceed \$500,000, to institutions or programs described in subparagraphs (F) through (P) of subsection (e)(1) of this section; and

(B) secondly for the purposes of making grants to institutions or programs described in subparagraphs (A) through (P) of subsection (e)(1) of this section.

(Pub. L. 89-329, title III, § 326, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1297; amended Pub. L. 100-50, § 2(a)(9), (10), June 3, 1987, 101 Stat. 335; Pub. L. 102-325, title III, § 303(f)(1), (g), July 23, 1992, 106 Stat. 475, 476; Pub. L. 103-208, § 2(a)(9), Dec. 20, 1993, 107 Stat. 2457.)

AMENDMENTS

1993—Subsec. (e)(2). Pub. L. 103-208 redesignated subpar. (C) as (B) and struck out former subpar. (B) which read as follows: “has been accredited by a nationally recognized accrediting agency or association or has been approved by a nationally recognized approving agency; and”.

1992—Subsec. (e). Pub. L. 102-325, § 303(f)(1), substituted “Eligibility” for “Eligible professional or graduate institutions” in heading and amended text generally. Prior to amendment, text read as follows: “Independent professional or graduate institutions eligible for grants under subsection (a) of this section include—

- “(1) Morehouse School of Medicine;
- “(2) Meharry Medical School;
- “(3) Charles R. Drew Postgraduate Medical School;
- “(4) Atlanta University; and
- “(5) Tuskegee Institute School of Veterinary Medicine.”

Subsec. (f). Pub. L. 102-325, § 303(g), added subsec. (f). 1987—Subsec. (a)(2). Pub. L. 100-50, § 2(a)(9), inserted “except that the Morehouse School of Medicine shall receive at least \$3,000,000”.

Subsec. (c)(3). Pub. L. 100-50, § 2(a)(10), made technical amendment to reference to section 1065 of this title to correct reference to corresponding section of original act.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1069f of this title.

**§ 1063c. Reporting and audit requirements**

**(a) Recordkeeping**

Each recipient of a grant under this part shall keep such records as the Secretary shall prescribe, including records which fully disclose—

(1) the amount and disposition by such recipient of the proceeds of such assistance;

(2) the cost of the project or undertaking in connection with which such assistance is given or used;

(3) the amount of that portion of the cost of the project or undertaking supplied by other sources; and

(4) such other records as will facilitate an effective audit.

**(b) Repayment of unexpended funds**

Any funds paid to an institution and not expended or used for the purposes for which the funds were paid within 10 years following the date of the initial grant awarded to an institution under part B of this subchapter shall be repaid to the Treasury of the United States.

(Pub. L. 89-329, title III, § 327, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1298; amended Pub. L. 100-50, § 2(a)(11), June 3, 1987, 101 Stat. 335.)

AMENDMENTS

1987—Subsec. (a). Pub. L. 100-50 substituted “part” for “chapter” in introductory text.

EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

**PART C—ENDOWMENT CHALLENGE GRANTS FOR INSTITUTIONS ELIGIBLE FOR ASSISTANCE UNDER PART A OR PART B**

PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1066, 1069f of this title.

**§ 1064. Repealed. Pub. L. 102-325, title III, § 304(a)(2), July 23, 1992, 106 Stat. 476**

Section, Pub. L. 89-329, title III, § 331, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1298, related to establishment of challenge grant program.

A prior section 1064, Pub. L. 89-329, title III, §331, as added Pub. L. 96-374, title III, §301, Oct. 3, 1980, 94 Stat. 1395; amended Pub. L. 97-35, title V, §516(c)(2), Aug. 13, 1981, 95 Stat. 447, established a challenge grant program, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1064, Pub. L. 89-329, title IV, §404, Nov. 8, 1965, 79 Stat. 1233, related to time and manner of making application for grant, selection of recipients and conditions precedent to award, prior to the general revision of part A of subchapter IV of this chapter by Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 247.

#### EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### § 1065. Endowment challenge grants

#### (a) Purpose; definitions

(1) The purpose of this section is to establish a program to provide matching grants to eligible institutions in order to establish or increase endowment funds at such institutions, to provide additional incentives to promote fund raising activities by such institutions, and to foster increased independence and self-sufficiency at such institutions.

(2) For the purpose of this section:

(A) The term “endowment fund” means a fund established by State law, by an institution of higher education, or by a foundation which is exempt from taxation and is maintained for the purpose of generating income for the support of the institution, but which shall not include real estate.

(B) The term “endowment fund corpus” means an amount equal to the grant or grants awarded under this section plus an amount equal to such grant or grants provided by the institution.

(C) The term “endowment fund income” means an amount equal to the total value of the endowment fund established under this section minus the endowment fund corpus.

(D)(i) The term “eligible institution” means an institution that is an—

(I) eligible institution under part A of this subchapter or would be considered to be such an institution if section 1058(b)(1)(C) of this title referred to a postgraduate degree rather than a bachelor's degree;

(II) institution eligible for assistance under part B of this subchapter or would be considered to be such an institution if section 1063 of this title referred to a postgraduate degree rather than a baccalaureate degree; or

(III) institution of higher education that makes a substantial contribution to postgraduate medical educational opportunities for minorities and the economically disadvantaged.

(ii) The Secretary may waive the requirements of subclauses (I) and (II) of clause (i) with respect to a postgraduate degree in the case of any institution otherwise eligible under clause (i) for an endowment challenge grant upon determining that the institution makes a substantial contribution to medical education opportunities for minorities and the economically disadvantaged.

#### (b) Grants authorized

(1) From sums available for this section under section 1069f of this title, the Secretary is authorized to award endowment challenge grants to eligible institutions to establish or increase an endowment fund at such institution. Such grants shall be made only to eligible institutions described in paragraph (4) whose applications have been approved pursuant to subsection (g) of this section.

(2)(A) Except as provided in subparagraph (B), no institution shall receive a grant under this section, unless such institution has deposited in its endowment fund established under this section an amount equal to the amount of such grant. The source of funds for this institutional match shall not include Federal funds or funds from an existing endowment fund.

(B) The Secretary may make a grant under this part to an eligible institution under the following circumstances:

(i) In any fiscal year in which the amount appropriated to carry out this part is less than \$15,000,000, the institution—

(I) may apply for a grant in an amount not exceeding \$500,000; and

(II) shall have deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

(ii) In any fiscal year in which the amount appropriated to carry out this part is equal to or greater than \$15,000,000 but less than \$25,000,000, the institution—

(I) may apply for a grant in an amount not exceeding \$1,000,000; and

(II) shall have deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

(iii) In any fiscal year in which the amount appropriated to carry out this part is equal to or greater than \$25,000,000, the institution may apply for a grant in an amount not to exceed \$1,500,000 if such institution has deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant.

(C)(i) Except as provided in clause (ii), if the appropriation for this part in a fiscal year is \$20,000,000 or less, an eligible institution of higher education that is awarded a grant under subsection (b)(2)(B) of this section shall not be eligible to reapply for a grant under subsection (b)(2)(B) of this section during the 10 years immediately following the period that such institution received such a grant.

(ii) If the appropriation for this part in any fiscal year is greater than \$20,000,000, an eligible institution of higher education that is awarded a grant under subsection (b)(2)(B) of this section shall not be eligible to reapply for a grant under subsection (b)(2)(B) of this section during the 5 years immediately following the period that such institution received such a grant. This provision shall apply for the fiscal year in which the appropriation is greater than \$20,000,000 and subsequent fiscal years, regardless of the appropriation in those fiscal years.



(3) The period of a grant under this section shall be not more than 20 years. During the grant period, an institution may not withdraw or expend any of the endowment fund corpus. After the termination of the grant period, an institution may use the endowment fund corpus plus any endowment fund income for any educational purpose.

(4)(A) An institution of higher education is eligible to receive a grant under this section if it is an eligible institution as described in subsection (a)(2)(D) of this section.

(B) No institution shall be ineligible for an endowment challenge grant under this section for a fiscal year by reason of the previous receipt of such a grant but no institution shall be eligible to receive such a grant for more than 2 fiscal years out of any period of 5 consecutive fiscal years.

(5) An endowment challenge grant awarded under this section to an eligible institution shall be in an amount which is not less than \$50,000 in any fiscal year.

(6)(A) An eligible institution may designate a foundation, which was established for the purpose of raising money for the institution, as the recipient of the grant awarded under this section.

(B) The Secretary shall not award a grant to a foundation on behalf of an institution unless—

(i) the institution assures the Secretary that the foundation is legally authorized to receive the endowment fund corpus and is legally authorized to administer the fund in accordance with this section and any implementing regulation;

(ii) the foundation agrees to administer the fund in accordance with the requirements of this section and any implementing regulation; and

(iii) the institution agrees to be liable for any violation by the foundation of the provisions of this section and any implementing regulation, including any monetary liability that may arise as a result of such violation.

**(c) Grant agreement; endowment fund provisions**

(1) An institution awarded a grant under this section shall enter into an agreement with the Secretary containing satisfactory assurances that it will (A) immediately comply with the matching requirements of subsection (b)(2) of this section, (B) establish an endowment fund independent of any other such fund of the institution, (C) invest the endowment fund corpus, and (D) meet the other requirements of this section.

(2)(A) An institution shall invest the endowment fund corpus and endowment fund income in low-risk securities in which a regulated insurance company may invest under the law of the State in which the institution is located such as a federally insured bank savings account or comparable interest-bearing account, certificate of deposit, money market fund, mutual fund, or obligations of the United States.

(B) The institution, in investing the endowment fund established under this section, shall exercise the judgment and care, under the circumstances then prevailing, which a person of prudence, discretion, and intelligence would ex-

ercise in the management of such person's own affairs.

(3)(A) An institution may withdraw and expend the endowment fund income to defray any expenses necessary to the operation of such college, including expenses of operations and maintenance, administration, academic and support personnel, construction and renovation, community and student services programs, and technical assistance.

(B)(i) Except as provided in clause (ii), an institution may not spend more than 50 percent of the total aggregate endowment fund income earned prior to the time of expenditure.

(ii) The Secretary may permit an institution to spend more than 50 percent of the endowment fund income notwithstanding clause (i) if the institution demonstrates such an expenditure is necessary because of (I) a financial emergency, such as a pending insolvency or temporary liquidity problem; (II) a life-threatening situation occasioned by a natural disaster or arson; or (III) any other unusual occurrence or exigent circumstance.

**(d) Repayment provisions**

(1) If at any time an institution withdraws part of the endowment fund corpus, the institution shall repay to the Secretary an amount equal to 50 percent of the withdrawn amount, which represents the Federal share, plus income earned thereon. The Secretary may use such repaid funds to make additional challenge grants, or to increase existing endowment grants, to other eligible institutions.

(2) If an institution expends more of the endowment fund income than is permitted under subsection (c) of this section, the institution shall repay the Secretary an amount equal to 50 percent of the amount improperly expended (representing the Federal share thereof). The Secretary may use such repaid fund to make additional challenge grants, or to increase existing challenge grants, to other eligible institutions.

**(e) Audit information**

An institution receiving a grant under this section shall provide to the Secretary (or a designee thereof) such information (or access thereto) as may be necessary to audit or examine expenditures made from the endowment fund corpus or income in order to determine compliance with this section.

**(f) Selection criteria**

In selecting eligible institutions for grants under this section for any fiscal year, the Secretary shall—

(1) give priority to an applicant that is receiving assistance under part A of this subchapter or part B of this subchapter or has received a grant under part A of this subchapter or part B of this subchapter within the 5 fiscal years preceding the fiscal year in which the applicant is applying for a grant under this section;

(2) give priority to an applicant with a greater need for such a grant, based on the current market value of the applicant's existing endowment in relation to the number of full-time equivalent students enrolled at such institution; and

(3) consider—

(A) the effort made by the applicant to build or maintain its existing endowment fund; and

(B) the degree to which an applicant proposes to match the grant with nongovernmental funds.

#### (g) Application

Any institution which is eligible for assistance under this section may submit to the Secretary a grant application at such time, in such form, and containing such information as the Secretary may prescribe, including a description of the long- and short-term plans for raising and using the funds under this part. Subject to the availability of appropriations to carry out this section and consistent with the requirement of subsection (f) of this section, the Secretary may approve an application for a grant if an institution, in its application, provides adequate assurances that it will comply with the requirements of this section.

#### (h) Termination and recovery provisions

(1) After notice and an opportunity for a hearing, the Secretary may terminate and recover a grant awarded under this section if the grantee institution—

(A) expends portions of the endowment fund corpus or expends more than the permissible amount of the endowment funds income as prescribed in subsection (c)(3) of this section;

(B) fails to invest the endowment fund in accordance with the investment standards set forth in subsection (c)(2) of this section; or

(C) fails to properly account to the Secretary concerning the investment and expenditures of the endowment funds.

(2) If the Secretary terminates a grant under paragraph (1), the grantee shall return to the Secretary an amount equal to the sum of each original grant under this section plus income earned thereon. The Secretary may use such repaid funds to make additional endowment grants, or to increase existing challenge grants, to other eligible institutions under this part.

(Pub. L. 89-329, title III, § 331, formerly § 332, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1299; amended Pub. L. 100-50, § 2(a)(12), June 3, 1987, 101 Stat. 336; renumbered § 331 and amended Pub. L. 102-325, title III, § 304(a)(3), (b), July 23, 1992, 106 Stat. 476; Pub. L. 103-208, § 2(a)(8), (10), (11), Dec. 20, 1993, 107 Stat. 2457, 2458.)

#### PRIOR PROVISIONS

A prior section 331 of Pub. L. 89-329, title III, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1298, related to establishment of challenge grant program, was classified to section 1064 of this title prior to repeal by Pub. L. 102-325, § 304(a)(2).

A prior section 1065, Pub. L. 89-329, title III, § 332, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1396, related to applications for challenge grants, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1065, Pub. L. 89-329, title IV, § 405, Nov. 8, 1965, 79 Stat. 1234; Pub. L. 90-575, title I, § 101(b)(2), Oct. 16, 1968, 82 Stat. 1017, related to allotment and reallocation of funds among the States, prior to the general revision of part A of subchapter IV of

this chapter by Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 247.

A prior section 1065a, Pub. L. 89-329, title III, § 333, as added Pub. L. 98-95, § 2, Sept. 26, 1983, 97 Stat. 708, established program of matching grants to increase endowments at eligible institutions of higher education, prior to the general revision of this subchapter by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsecs. (a)(2)(D), (b)(2)(B), (C), (5). Pub. L. 103-208 realigned margins and in subsec. (b)(5) substituted “An endowment” for “an endowment”.

1992—Subsec. (a)(1). Pub. L. 102-325, § 304(b)(1)(A), struck out “of higher education” after “eligible institutions”.

Subsec. (a)(2)(D). Pub. L. 102-325, § 304(b)(1)(B), added subpar. (D).

Subsec. (b)(1). Pub. L. 102-325, § 304(b)(2), inserted “endowment” before “challenge grants” and struck out “of higher education” after “eligible institutions”.

Subsec. (b)(2)(B), (C). Pub. L. 102-325, § 304(b)(3), amended subpars. (B) and (C) generally. Prior to amendment, subpars. (B) and (C) read as follows:

“(B) In any fiscal year in which the appropriations for this part exceeds \$10,000,000, the Secretary may make a grant under this part to an eligible institution of higher education if such institution—

“(i) has deposited in its endowment fund established under this section an amount which is equal to one-half of the amount of such grant; and

“(ii) applies for a grant in an amount exceeding \$1,000,000.

“(C) An eligible institution of higher education that is awarded a grant under this section shall not be eligible to reapply for a grant under this section during the 10 years immediately following the period that it received such grant.”

Subsec. (b)(4)(A). Pub. L. 102-325, § 304(b)(4), substituted “subsection (a)(2)(D) of this section” for “section 1064(a)(1) of this title”.

Subsec. (b)(4)(B). Pub. L. 102-325, § 304(b)(5), substituted “an endowment challenge grant” for “a challenge grant”.

Subsec. (b)(5). Pub. L. 102-325, § 304(b)(6), amended par. (5) generally. Prior to amendment, par. (5) read as follows: “Except as provided in paragraph (2)(B), a challenge grant under this section to an eligible institution year shall—

“(A) not be less than \$50,000 for any fiscal year; and

“(B) not be more than (i) \$250,000 for fiscal year 1987; or (ii) \$500,000 for fiscal year 1988 or any succeeding fiscal year.”

Subsec. (f)(1). Pub. L. 102-325, § 304(b)(7), amended par. (1) generally. Prior to amendment, par. (1) read as follows: “give priority to an applicant which is a recipient of a grant made under part A or B of this subchapter (or section 1069a of this title) during the academic year in which the applicant is applying for a grant under this section;”.

Subsec. (g). Pub. L. 102-325, § 304(b)(8), inserted “, including a description of the long- and short-term plans for raising and using the funds under this part” before period at end of first sentence.

1987—Subsec. (f)(1). Pub. L. 100-50 inserted “(or section 1069a of this title)”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986,

Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1057, 1063b, 1069f, 4425 of this title; title 25 section 1832.

#### PART D—GENERAL PROVISIONS

### § 1066. Applications for assistance

#### (a) Application required; approval

Any institution which is eligible for assistance under this subchapter shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this subchapter, the Secretary may approve an application for a grant under this subchapter if the application meets the requirements of subsection (b) of this section and shows that the applicant is eligible for assistance in accordance with the part of this subchapter under which the assistance is sought.

#### (b) Contents

An institution, in its application for a grant, shall—

(1) set forth, or describe how the institution (other than an institution applying under part C of this subchapter) will develop, a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this subchapter);

(2) set forth policies and procedures to ensure that Federal funds made available under this subchapter for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of section 1057(b) or 1062 of this title, and in no case supplant those funds;

(3) set forth policies and procedures for evaluating the effectiveness in accomplishing the purpose of the activities for which a grant is sought under this subchapter;

(4) provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of and accounting for funds made available to the applicant under this subchapter;

(5) provide (A) for making such reports, in such form and containing such information, as the Secretary may require to carry out the functions under this subchapter, including not less than one report annually setting forth the institution's progress toward achieving the objectives for which the funds were awarded, and (B) for keeping such records and affording such access thereto, as the Secretary may find necessary to assure the correctness and verification of such reports;

(6) provide that the institution will comply with the limitations set forth in section 1069c of this title;

(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

(A) a description of the various components of the proposed project, including the estimated time required to complete each such component;

(B) in the case of any development project which consists of several components (as described by the applicant pursuant to subparagraph (A)), a statement identifying those components which, if separately funded, would be sound investments of Federal funds and those components which would be sound investments of Federal funds only if funded under this subchapter in conjunction with other parts of the development project (as specified by the applicant);

(C) an evaluation by the applicant of the priority given any proposed project for which funds are sought in relation to any other projects for which funds are sought by the applicant under this subchapter, and a similar evaluation regarding priorities among the components of any single proposed project (as described by the applicant pursuant to subparagraph (A));

(D) a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

(E) a detailed description of any activity which involves the expenditure of more than \$25,000, as identified in the budget referred to in subparagraph (E); and

(8) include such other information as the Secretary may prescribe.

#### (c) Priority criteria publication required

The Secretary shall publish in the Federal Register, pursuant to chapter 5 of title 5, all policies and procedures required to exercise the authority set forth in subsection (a) of this section. No other criteria, policies, or procedures shall apply.

#### (d) Eligibility data

The Secretary shall use the most recent and relevant data concerning the number and percentage of students receiving need-based assistance under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 in making eligibility determinations under section 1058 of this title and shall advance the base-year forward following each annual grant cycle.

(Pub. L. 89-329, title III, §351, as added Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1302; amended Pub. L. 100-50, §2(a)(13), June 3, 1987, 101 Stat. 336; Pub. L. 102-325, title III, §305(a), July 23, 1992, 106 Stat. 478.)

#### PRIOR PROVISIONS

A prior section 1066, Pub. L. 89-329, title III, §341, as added Pub. L. 96-374, title III, §301, Oct. 3, 1980, 94 Stat. 1396, related to applications for assistance, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1066, Pub. L. 89-329, title IV, §406, Nov. 8, 1965, 79 Stat. 1234; Pub. L. 90-575, title I, §101(b)(2), Oct. 16, 1968, 82 Stat. 1017, related to allocation of allotted funds to institutions, filing dates for application, criteria for making allocations, additional allocations and payments, prior to the general revision of part A of subchapter IV of this chapter by Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 247.

## AMENDMENTS

1992—Subsec. (b)(7)(D) to (F). Pub. L. 102-325 redesignated subpars. (E) and (F) as (D) and (E), respectively, and struck out former subpar. (D) which read as follows: “information explaining the manner in which the proposed project will assist the applicant to prepare for the critical financial problems that all institutions of higher education will face during the subsequent decade as a result of declining enrollment, and other problems;”.

1987—Subsec. (b)(6). Pub. L. 100-50 substituted “section 1069c of this title” for “section 1069b of this title”.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1057 of this title.

### § 1067. Waiver authority and reporting requirement

#### (a) Waiver requirements; need-based assistance students

The Secretary may waive the requirements set forth in section 1058(b)(1)(A) of this title in the case of an institution—

(1) which is extensively subsidized by the State in which it is located and charges low or no tuition;

(2) which serves a substantial number of low-income students as a percentage of its total student population;

(3) which is contributing substantially to increasing higher education opportunities for educationally disadvantaged, underrepresented, or minority students, who are low-income individuals;

(4) which is substantially increasing higher educational opportunities for individuals in rural or other isolated areas which are unserved by postsecondary institutions;

(5) located on or near an Indian reservation or a substantial population of Indians, if the Secretary determines that the waiver will substantially increase higher education opportunities appropriate to the needs of American Indians; or

(6) wherever located, if the Secretary determines that the waiver will substantially increase higher education opportunities appropriate to the needs of Black Americans, Hispanic Americans, Native Americans, Asian Americans, or Pacific Islanders, including Native Hawaiians.

#### (b) Waiver determinations; expenditures

(1) The Secretary may waive the requirements set forth in section 1058(b)(1)(B) of this title if the Secretary determines, based on persuasive evidence submitted by the institution, that the institution's failure to meet that criterion is due to factors which, when used in the determination of compliance with such criterion, distort such determination, and that the institu-

tion's designation as an eligible institution under part A of this subchapter is otherwise consistent with the purposes of such parts.<sup>1</sup>

(2) The Secretary shall submit to the Congress every other year a report concerning the institutions which, although not satisfying the criterion contained in section 1058(b)(1)(B) of this title, have been determined to be eligible institutions under part A institutions which enroll significant numbers of Black American, Hispanic, Native American, Asian American, or Native Hawaiian students under part A of this subchapter, as the case may be. Such report shall—

(A) identify the factors referred to in paragraph (1) which were considered by the Secretary as factors that distorted the determination of compliance with subparagraphs (A) and (B) of section 1058(b)(1) of this title; and

(B) contain a list of each institution determined to be an eligible institution under part A of this subchapter including a statement of the reasons for each such determination.

(3) The Secretary may waive the requirement set forth in section 1058(b)(1)(E)<sup>2</sup> of this title in the case of an institution located on or near an Indian reservation or a substantial population of Indians, if the Secretary determines that the waiver will substantially increase higher education opportunities appropriate to the needs of American Indians.

(Pub. L. 89-329, title III, §352, as added Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1304; amended Pub. L. 100-50, §2(a)(14), (15), June 3, 1987, 101 Stat. 336; Pub. L. 102-325, title III, §305(b), July 23, 1992, 106 Stat. 478.)

## REFERENCES IN TEXT

Section 1058(b)(1)(E) of this title, referred to in subsec. (b)(3), was repealed and section 1058(b)(1)(F) was redesignated section 1058(b)(1)(E) by Pub. L. 102-325, title III, §302(a)(1)(B), (C), July 23, 1992, 106 Stat. 472.

## PRIOR PROVISIONS

A prior section 1067, Pub. L. 89-329, title III, §342, as added Pub. L. 96-374, title III, §301, Oct. 3, 1980, 94 Stat. 1398, set waiver authority and reporting requirements for this part, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1067, Pub. L. 89-329, title IV, §407, Nov. 8, 1965, 79 Stat. 1234; Pub. L. 90-575, title I, §§101(b)(2), 103, 104, Oct. 16, 1968, 82 Stat. 1017, 1018, related to agreements with institutions, required provisions and use of funds as additional Federal capital contribution for student loan fund, prior to the general revision of part A of subchapter IV of this chapter by Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 247.

## AMENDMENTS

1992—Subsec. (a). Pub. L. 102-325 substituted “Secretary may waive” for “Secretary shall waive”.

1987—Subsec. (a)(2). Pub. L. 100-50, §2(a)(14), substituted “low-income” for “low- and middle-income”.

Subsec. (b)(3). Pub. L. 100-50, §2(a)(15), added par. (3).

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986,

<sup>1</sup> So in original. Probably should be “part.”

<sup>2</sup> See References in Text note below.

Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1058 of this title.

### § 1068. Application review process

#### (a) Review panel

(1) All applications submitted under this subchapter by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary. The Secretary shall assure that no individual assigned under this section to review any application has any conflict of interest with regard to the application which might impair the impartiality with which the individual conducts the review under this section.

(2) The Secretary shall take care to assure that representatives of historically and predominantly Black colleges, Hispanic institutions, Native American colleges and universities, and institutions with substantial numbers of Hispanics, Native Americans, Asian Americans, and Native American Pacific Islanders (including Native Hawaiians) are included as readers.

(3) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under this subchapter and consistent with the provisions of this subchapter, including—

(A) explanations and examples of the types of activities referred to in section 1057(b) of this title that should receive special consideration for grants awarded under part A of this subchapter and of the types of activities referred to in section 1062 of this title that should receive special consideration for grants awarded under part B of this subchapter;

(B) an enumeration of the factors to be used to determine the quality of applications submitted under this subchapter; and

(C) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under this subchapter, the amount of any such grant, and the duration of any such grant.

#### (b) Recommendations of panel

In awarding grants under this subchapter, the Secretary shall take into consideration the recommendations of the panel made under subsection (a) of this section.

#### (c) Notification

Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under this subchapter of—

(1) the scores given the applicant by the panel pursuant to this section;

(2) the recommendations of the panel with respect to such application; and

(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under this subchapter, and any modifications, if any, in the recommendations of the panel made by the Secretary.

(Pub. L. 89-329, title III, § 353, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1305.)

#### PRIOR PROVISIONS

A prior section 1068, Pub. L. 89-329, title III, § 343, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1399, related to application review process and provided for reader panels, recommendation of such panels, and notification to institutions, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1068, Pub. L. 89-329, title IV, § 408, Nov. 8, 1965, 79 Stat. 1235; Pub. L. 90-575, title I, § 105(a), Oct. 16, 1968, 82 Stat. 1018; Pub. L. 91-230, title VIII, § 801, Apr. 13, 1970, 84 Stat. 190; Pub. L. 92-318, title I, § 131(a)(1)(B), June 23, 1972, 86 Stat. 247, related to programs for identifying qualified low-income students and preparing them for post secondary education, grants or contracts for planning, developing or carrying out programs, “Talent Search” program, “Upward Bound” program, “Special Services for Disadvantaged Students” program, nature of programs, waiver of matching requirement in the “Upward Bound” program and authorization of appropriations, prior to the general revision of part A of subchapter IV of this chapter by Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 247.

### § 1069. Cooperative arrangements

#### (a) General authority

The Secretary may make grants to encourage cooperative arrangements—

(1) with funds available to carry out part A of this subchapter, between institutions eligible for assistance under part A of this subchapter and between such institutions and institutions not receiving assistance under this subchapter; or

(2) with funds available to carry out part B of this subchapter, between institutions eligible for assistance under part B of this subchapter and institutions not receiving assistance under this subchapter;

for the activities described in section 1057(b) of this title or section 1062 of this title, as the case may be, so that the resources of the cooperating institutions might be combined and shared to achieve the purposes of such parts and avoid costly duplicative efforts and to enhance the development of part A and part B eligible institutions.

#### (b) Priority

The Secretary shall give priority to grants for the purposes described under subsection (a) of this section whenever the Secretary determines that the cooperative arrangement is geographically and economically sound or will benefit the applicant institution.

#### (c) Duration

Grants to institutions having a cooperative arrangement may be made under this section for a period as determined under section 1059 of this title or section 1062 of this title.

(Pub. L. 89-329, title III, § 354, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1305.)

#### PRIOR PROVISIONS

A prior section 1069, Pub. L. 89-329, title III, § 344, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1399, provided for a program of grants to encourage cooperative arrangements between institutions, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1069, Pub. L. 89-329, title IV, § 409, Nov. 8, 1965, 79 Stat. 1236, related to definition of

academic year, prior to the general revision of part A of subchapter IV of this chapter by Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 247.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1059 of this title.

### **§ 1069a. Repealed. Pub. L. 102-325, title III, § 305(c), July 23, 1992, 106 Stat. 478**

Section, Pub. L. 89-329, title III, § 355, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1306; amended Pub. L. 100-50, § 2(a)(16), (17), June 3, 1987, 101 Stat. 336, related to special payments rules.

A prior section 1069a, Pub. L. 89-329, title III, § 345, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1399, related to assistance to institutions under other programs, prior to the general revision of this subchapter by Pub. L. 99-498. See section 1069b of this title.

#### EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### **§ 1069b. Assistance to institutions under other programs**

#### **(a) Assistance eligibility**

Each institution which the Secretary determines to be an institution eligible under part A of this subchapter or an institution eligible under part B of this subchapter may be eligible for waivers in accordance with subsection (b) of this section.

#### **(b) Waiver applicability**

(1) Subject to, and in accordance with, regulations promulgated for the purpose of this section, in the case of any application by an institution referred to in subsection (a) of this section for assistance under any programs specified in paragraph (2), the Secretary is authorized, if such application is otherwise approvable, to waive any requirement for a non-Federal share of the cost of the program or project, or, to the extent not inconsistent with other law, to give, or require to be given, priority consideration of the application in relation to applications from other institutions.

(2) The provisions of this section shall apply to any program authorized by subchapter II, IV, VII, or VIII of this chapter or part C of subchapter I of chapter 34 of title 42.

#### **(c) Limitation**

The Secretary shall not waive, under subsection (b) of this section, the non-Federal share requirement for any program for applications which, if approved, would require the expenditure of more than 10 percent of the appropriations for the program for any fiscal year.

(Pub. L. 89-329, title III, § 356, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1306; amended Pub. L. 102-325, title III, § 305(d), July 23, 1992, 106 Stat. 478.)

#### PRIOR PROVISIONS

A prior section 1069b, Pub. L. 89-329, title III, § 346, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1400, limited activities for which funds appropriated to carry out this subchapter could be expended, prior to the general revision of this subchapter by Pub. L. 99-498. See section 1069c of this title.

#### AMENDMENTS

1992—Subsec. (a). Pub. L. 102-325 substituted “may be eligible” for “shall be eligible”.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### **§ 1069c. Limitations**

The funds appropriated under section 1069f of this title may not be used—

- (1) for a school or department of divinity or any religious worship or sectarian activity;
- (2) for an activity that is inconsistent with a State plan for desegregation of higher education applicable to such institution;
- (3) for an activity that is inconsistent with a State plan of higher education applicable to such institution; or
- (4) for purposes other than the purposes set forth in the approved application under which the funds were made available to the institution.

(Pub. L. 89-329, title III, § 357, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1307.)

#### PRIOR PROVISIONS

A prior section 1069c, Pub. L. 89-329, title III, § 347, as added Pub. L. 96-374, title III, § 301, Oct. 3, 1980, 94 Stat. 1400, and Pub. L. 98-95, § 3, Sept. 26, 1983, 97 Stat. 711; Pub. L. 98-312, § 1, June 12, 1984, 98 Stat. 233, authorized appropriations to carry out parts A to C of this subchapter, prior to the general revision of this subchapter by Pub. L. 99-498. See section 1069f of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1066 of this title.

### **§ 1069d. Penalties**

Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any recipient of Federal financial assistance or grant pursuant to this subchapter embezzles, willfully misapplies, steals, or obtains by fraud any of the funds which are the subject of such grant or assistance, shall be fined not more than \$10,000 or imprisoned for not more than 2 years, or both.

(Pub. L. 89-329, title III, § 358, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1307.)

### **§ 1069e. Repealed. Pub. L. 102-325, title III, § 305(c), July 23, 1992, 106 Stat. 478**

Section, Pub. L. 89-329, title III, § 359, as added Pub. L. 99-498, title III, § 301(a), Oct. 17, 1986, 100 Stat. 1307, required application for challenge grant.

#### EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### **§ 1069f. Authorization of appropriations**

#### **(a) Authorizations**

##### **(1) Part A**

(A) There are authorized to be appropriated to carry out part A of this subchapter,

\$135,000,000 (other than section 1059c of this title) for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(B)(i) There are authorized to be appropriated to carry out section 1059c of this title, \$45,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(ii) No funds are authorized to be appropriated pursuant to clause (i) for any fiscal year unless the amount appropriated pursuant to paragraph (1)(A) for such fiscal year equals or exceeds \$80,000,000.

## (2) Part B

(A) There are authorized to be appropriated to carry out part B of this subchapter (other than section 1063b of this title), \$135,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(B) There are authorized to be appropriated to carry out section 1063b of this title, \$20,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

## (3) Part C

There are authorized to be appropriated to carry out part C of this subchapter, \$50,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

## (b) Use of multiple year awards

In the event of a multiple year award to any institution under this subchapter, the Secretary shall make funds available for such award from funds appropriated for this subchapter for the fiscal year in which such funds are to be used by the recipient.

## (c) Reservations

If the amount appropriated under subsection (a)(1) of this section for part A of this subchapter for any fiscal year beginning after September 30, 1986, equals or exceeds the amount appropriated for such part for fiscal year 1986, the Secretary shall, for such fiscal year—

(1) allocate 25 percent of the excess (above the amount appropriated for part A of this subchapter for fiscal year 1986) among eligible institutions at which at least 60 percent of the students are African Americans, Hispanic Americans, Native Americans, Asian Americans, Native Hawaiians, or Pacific Islanders, or any combination thereof; and

(2) allocate 75 percent of such excess among other eligible institutions.

## (d) Ratable reduction in fiscal years in which amounts appropriated are insufficient

In any fiscal year in which the sums appropriated for part A of this subchapter are insufficient to make the reservations required by subsection (c) of this section, the Secretary shall ratably reduce the amount of the reservation.

## (e) Additional reservation

In any fiscal year beginning after September 30, 1992, the Secretary shall award at least 25 percent of the amount appropriated pursuant to

the authority of paragraph (3) of subsection (a) of this section in each fiscal year to historically black colleges and universities that meet the requirements of part C of this subchapter, unless there are an insufficient number of quality applications or an insufficient number of applications due to the provisions in subsection (b)(2)(C) or subsection (b)(4)(B) of section 1065 of this title.

(Pub. L. 89-329, title III, §360, as added Pub. L. 99-498, title III, §301(a), Oct. 17, 1986, 100 Stat. 1307; amended Pub. L. 102-325, title III, §305(e)-(g), July 23, 1992, 106 Stat. 479.)

## AMENDMENTS

1992—Subsec. (a). Pub. L. 102-325, §305(e), amended subsec. (a) generally, substituting present provisions for provisions authorizing appropriations for fiscal year 1987 and the four succeeding fiscal years.

Subsec. (c). Pub. L. 102-325, §305(f), substituted “1986, the Secretary shall, for such fiscal year—” for “1986—” in introductory provisions, added pars. (1) and (2), and struck out former pars. (1) and (2) which read as follows:

“(1) the Secretary shall, for such fiscal year, make available for use for the purposes of part A of this subchapter to institutions that are junior or community colleges not less than \$51,400,000; and

“(2) the Secretary shall, for such fiscal year—

“(A) allocate 25 percent of the excess (above the amount appropriated for part A of this subchapter for fiscal year 1986) among eligible institutions with the highest percentages of students who are Black Americans, Hispanic Americans, Native Americans, Asian Americans, Native Hawaiians, or Pacific Islanders, or any combination thereof; and

“(B) allocate 75 percent of such excess among other eligible institutions.”

Subsec. (e). Pub. L. 102-325, §305(g), added subsec. (e).

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1057, 1062, 1063, 1065, 1069c of this title.

## SUBCHAPTER IV—STUDENT ASSISTANCE

### SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in sections 1011a, 1058, 1066, 1069b, 1102b, 1104c, 1106d, 1111c, 1132i-2, 1145, 6031, 6103 of this title; title 8 section 1255a; title 10 sections 1151, 1598, 2410c; title 15 section 1603; title 25 section 3353; title 38 section 3698; title 42 sections 7274e, 12604; title 48 section 1905; title 50 App. section 462.

## PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

### CODIFICATION

Part A of title IV of the Higher Education Act of 1965, comprising this part, was originally enacted by Pub. L. 89-329, title IV, Nov. 8, 1965, 79 Stat. 1232, and amended by Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 93-380, Aug. 21, 1974, 88 Stat. 484; Pub. L. 94-328, June 30, 1976, 90 Stat. 727; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 95-336, Aug. 4, 1978, 92 Stat. 451; Pub. L. 95-566, Nov. 1, 1978, 92 Stat. 2402; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 97-300, Oct. 13, 1982, 96 Stat. 1322; Pub. L. 97-301, Oct. 13, 1982, 96 Stat. 1400; Pub. L. 98-558, Oct. 30, 1984, 98 Stat. 2878; Pub. L. 99-145, Nov. 8, 1985, 99 Stat. 583. Such part

is shown herein, however, as having been added by Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1308, without reference to such intervening amendments because of the extensive revision of part A by Pub. L. 99-498.

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in section 1090 of this title; title 31 section 6703; title 42 section 12604.

### § 1070. Statement of purpose; program authorization

#### (a) Purpose

It is the purpose of this part, to assist in making available the benefits of postsecondary education to eligible students (defined in accordance with section 1091 of this title) in institutions of higher education by—

- (1) providing basic educational opportunity grants to all eligible students;
- (2) providing supplemental educational opportunity grants to those students who demonstrate financial need;
- (3) providing for payments to the States to assist them in making financial aid available to such students;
- (4) providing for special programs and projects designed (A) to identify and encourage qualified youths with financial or cultural need with a potential for postsecondary education, (B) to prepare students from low-income families for postsecondary education, and (C) to provide remedial (including remedial language study) and other services to students; and
- (5) providing assistance to institutions of higher education.

#### (b) Secretary required to carry out purposes

The Secretary shall, in accordance with subparts 1 through 8 of this part, carry out programs to achieve the purposes of this part.

(Pub. L. 89-329, title IV, §400, formerly §401, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1308; renumbered §400, Pub. L. 102-325, title IV, §402(a)(3), July 23, 1992, 106 Stat. 482.)

#### PRIOR PROVISIONS

A prior section 1070, Pub. L. 89-329, title IV, §401, as added and amended Pub. L. 92-318, title I, §131(b)(1), title X, §1001(c)(1), (2), June 23, 1972, 86 Stat. 247, 381; Pub. L. 94-482, title I, §125, Oct. 12, 1976, 90 Stat. 2096; Pub. L. 96-374, title IV, §401, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1401, 1503, stated purpose of program of grants to students in attendance at institutions of higher education, prior to the general revision of this part by Pub. L. 99-498.

#### COMMUNITY SCHOOL PARTNERSHIPS

Pub. L. 103-382, title V, part B, Oct. 20, 1994, 108 Stat. 4045, provided that:

##### “SEC. 521. SHORT TITLE.

“This part may be cited as the ‘Community School Partnership Act’.

##### “SEC. 522. FINDINGS.

“The Congress finds that—

“(1) the local community, when properly organized and challenged, is one of the best sources of academic support, motivation toward achievement, and financial resources for aspiring postsecondary students;

“(2) local communities, working to complement or augment services currently being offered by area

schools and colleges, can raise the educational expectations and increase the rate of postsecondary attendance of their youth by forming locally based organizations that provide both academic support (including guidance, counseling, mentoring, tutoring, encouragement, and recognition) and tangible, locally raised, effectively targeted, publicly recognized financial assistance;

“(3) proven methods of stimulating these community efforts can be promoted through Federal support for the establishment of area program centers to organize and challenge community efforts to develop educational incentives and support for local students; and

“(4) using Federal funds to leverage private contributions to help students from low-income families attain educational and career goals is an efficient and effective investment of scarce taxpayer-provided resources.

#### “SEC. 523. DEFINITIONS.

“As used in this part:

“(1) AREA PROGRAM CENTER.—The term ‘area program center’ means an organization that—

“(A) is part of, responsible to, and overseen by, the national organization; and

“(B) is staffed by professionals trained to create, develop, and sustain local affiliated chapters in towns, cities, and neighborhoods.

“(2) LOCAL AFFILIATED CHAPTER.—The term ‘local affiliated chapter’ means an organization that—

“(A) is a nonprofit organization that is described in section 501(c)(3) of the Internal Revenue Code of 1986 [26 U.S.C. 501(c)(3)], and exempt from taxation under section 501(a) of such Code (or shall meet this criteria through affiliation with the national organization described in paragraph (3));

“(B) is formed for the purpose of providing educational scholarships and academic support for residents of the local community served by such organization;

“(C) solicits broad-based community support in its academic support and fund-raising activities;

“(D) is broadly representative of the local community in the structures of its volunteer-operated organization and has a board of directors that includes leaders from local neighborhood organizations and neighborhood residents, such as school or college personnel, parents, students, community agency representatives, and representatives of the business community;

“(E) awards scholarships without regard to age, sex, marital status, race, creed, color, religion, national origin or disability; and

“(F) gives priority in awarding scholarships to students from low-income families in the local community.

“(3) NATIONAL ORGANIZATION.—The term ‘national organization’ means an organization that—

“(A) has the capacity to create, develop and sustain local affiliated chapters;

“(B) has the capacity to sustain newly created local affiliated chapters in towns, cities, and neighborhoods through ongoing training and support programs;

“(C) is described in section 501(c)(3) of the Internal Revenue Code of 1986 [26 U.S.C. 501(c)(3)], and exempt from taxation under section 501(a) of such Code;

“(D) is a publicly supported organization within the meaning of section 170(b)(1)(A)(vi) of such Code [26 U.S.C. 170(b)(1)(A)(vi)];

“(E) ensures that each of its local affiliated chapters meet the criteria described in subparagraphs (C) and (D); and

“(F) has a program for or experience in cooperating with secondary and postsecondary institutions in carrying out its scholarship and academic support activities.

“(4) HIGH-POVERTY AREA.—The term ‘high-poverty area’ means a community with a higher percentage of



children in poverty than the national average of such percentage.

“(5) STUDENTS FROM LOW-INCOME FAMILIES.—The term ‘students from low-income families’ means students determined, pursuant to part F of title IV of the Higher Education Act of 1965 [20 U.S.C. 1087kk et seq.], to be eligible for a Federal Pell Grant under subpart 1 of part A of title IV of such Act [20 U.S.C. 1070a et seq.].

“SEC. 524. PURPOSE; ENDOWMENT GRANT AUTHORITY.

“(a) PURPOSE.—It is the purpose of this part to establish and support area program centers to enable such centers to foster the development of local affiliated chapters in high-poverty areas that promote higher education goals for students from low-income families by—

“(1) providing academic support, including guidance, counseling, mentoring, tutoring, and recognition; and

“(2) providing scholarship assistance for the pursuit of postsecondary education.

“(b) ENDOWMENT GRANT AUTHORITY.—From the funds appropriated pursuant to the authority of section 527, the Secretary shall award an endowment grant, on a competitive basis, to a national organization to enable such organization to support the establishment or ongoing work of area program centers that foster the development of local affiliated chapters in high-poverty areas to improve high school graduation rates and postsecondary attendance through the provision of academic support services and scholarship assistance for the pursuit of postsecondary education.

“SEC. 525. GRANT AGREEMENT AND REQUIREMENTS.

“(a) IN GENERAL.—The Secretary shall award the endowment grant described in section 524(b) pursuant to an agreement between the Secretary and the national organization. Such agreement shall—

“(1) require the national organization to establish an endowment fund in the amount of the grant, the corpus of which shall remain intact and the interest income from which shall be used to support the activities described in paragraphs (2) and (3);

“(2) require the national organization to use 25 percent of the interest income from the endowment fund in any fiscal year to provide scholarships for students from low-income families, which scholarships shall be matched on a dollar-for-dollar basis from funds raised by local affiliated chapters;

“(3) require the national organization to use 75 percent of the interest income from the endowment fund in any fiscal year to support the establishment or ongoing work of area program centers to enable such centers to work with local communities to establish local affiliated chapters in high-poverty areas and provide ongoing technical assistance, training workshops, and other activities to help ensure the ongoing success of the local affiliated chapters;

“(4) require the area program centers supported by the national organization to give priority to establishing local affiliated chapters that serve high-poverty areas;

“(5) require the national organization to submit, in each fiscal year in which such organization uses the interest from the endowment fund, a report to the Secretary that contains—

“(A) a description of the programs and activities supported by the interest on the endowment fund;

“(B) the audited financial statement of the national organization for the preceding fiscal year;

“(C) a plan for the programs and activities to be supported from the interest on the endowment fund during the five succeeding fiscal years;

“(D) an evaluation of the programs and activities supported by the interest on the endowment fund as the Secretary may require; and

“(E) data indicating the number of students from low-income families who received scholarships from

local affiliated chapters, and the amounts of such scholarships;

“(6) contain such assurances as the Secretary may require with respect to the management and operation of the endowment fund;

“(7) require that, in order to continue using the interest from the endowment fund, the national organization will meet the continuing eligibility requirements described in section 526; and

“(8) contain an assurance that if the Secretary determines that such organization is not in substantial compliance with the provisions of this part, then the national organization shall pay to the Secretary an amount equal to the corpus of the endowment fund plus any accrued interest on such fund that is available to the national organization on the date of such determination.

“(b) RETURNED FUNDS.—All funds returned to the Secretary pursuant to subsection (a)(8) shall be available to the Secretary to carry out any scholarship or grant program assisted under title IV of the Higher Education Act of 1965 [20 U.S.C. 1070 et seq.; 42 U.S.C. 2751 et seq.].

“SEC. 526. CONTINUING ELIGIBILITY.

“The national organization shall be eligible to continue to use the interest from the endowment fund in accordance with the provisions of this part in the third and each such succeeding fiscal year in which such organization uses such interest only if the local affiliated chapters associated with all area program centers supported under this part distribute to students from low-income families 80 percent of the total amount of funds raised by all such chapters in such year.

“SEC. 527. AUTHORIZATION OF APPROPRIATIONS.

“There are authorized to be appropriated \$10,000,000 for fiscal year 1996 to carry out this part.”

STUDY OF FEDERAL BENEFIT COORDINATION

Section 1405 of Pub. L. 102-325 directed Secretary of Education to conduct a study to evaluate the coordination of Federal student financial assistance programs under title IV of the Higher Education Act of 1965 [20 U.S.C. 1070 et seq.; 42 U.S.C. 2751 et seq.] with other programs funded in whole or in part with Federal funds, with Secretary to prepare and submit to appropriate committees of Congress a report on the study not later than 3 years after July 23, 1992, together with such recommendations as the Secretary deemed appropriate.

OLYMPIC SCHOLARSHIPS

Section 1543 of Pub. L. 102-325 provided that:

“(a) SCHOLARSHIPS AUTHORIZED.—

“(1) IN GENERAL.—The Secretary of Education is authorized to provide financial assistance to the United States Olympic Education Center or the United States Olympic Training Center to enable such centers to provide financial assistance to athletes who are training at such centers and are pursuing postsecondary education at institutions of higher education (as such term is defined in section 481(a) of the Higher Education Act of 1965 [20 U.S.C. 1088(a)]).

“(2) AWARD DETERMINATION.—The amount of financial assistance provided to athletes described in paragraph (1) shall be determined in accordance with such athlete’s financial need as determined in accordance with part F of title IV of the Higher Education Act of 1965 [20 U.S.C. 1087kk et seq.].

“(b) ELIGIBILITY.—The Secretary of Education shall ensure that financial assistance provided under this part [part E (§1543) of Pub. L. 102-325] is available to both full-time and part-time students who are athletes at centers described in subsection (a).

“(c) APPLICATION.—Each center desiring financial assistance under this section shall submit an application to the Secretary of Education at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

“(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$5,000,000 for fiscal year

1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.”

PERSIAN GULF CONFLICT HIGHER EDUCATION  
ASSISTANCE

Pub. L. 102-26, §§ 4-6, Apr. 9, 1991, 105 Stat. 125-127, provided that:

“SEC. 4. OPERATION DESERT SHIELD/DESERT  
STORM WAIVER AUTHORITY.

“(a) PURPOSE.—It is the purpose of this section to ensure that—

“(1) the men and women serving on active duty in connection with Operation Desert Shield or Operation Desert Storm who are borrowers of Stafford Loans or Perkins Loans are not placed in a worse position financially in relation to those loans because of such service;

“(2) the administrative requirements placed on all borrowers of student loans made in accordance with title IV of the Act [20 U.S.C. 1070 et seq.; 42 U.S.C. 2751 et seq.] who are engaged in such military service are minimized to the extent possible without impairing the integrity of the student loan programs, in order to ease the burden on such borrowers, and to avoid inadvertent, technical defaults; and

“(3) the future eligibility of such an individual for Pell Grants is not reduced by the amount of such assistance awarded for a period of instruction that such individual was unable to complete, or for which the individual did not receive academic credit, because he or she was called up for such service.

“(b) WAIVER REQUIREMENT.—Notwithstanding any other provision of law, unless enacted with specific reference to this section, the Secretary of Education shall waive or modify any statutory or regulatory provision applicable to the student financial aid programs under title IV of the Act that the Secretary deems necessary to achieve the purposes stated in subsection (a), including—

“(1) the length of, and eligibility requirements for, the military deferments authorized under sections 427(a)(2)(C)(ii), 428(b)(1)(M)(ii), and 464(c)(2)(A)(ii) of the Act [20 U.S.C. 1077(a)(2)(C)(ii), 1078(b)(1)(M)(ii), 1087dd(c)(2)(A)(ii)], in order to enable the borrower of a Stafford Loan or a Perkins Loan who is or was serving on active duty in connection with Operation Desert Shield or Operation Desert Storm to obtain a military deferment, under which interest shall accrue and shall, if otherwise payable by the Secretary, be paid by the Secretary of Education, for the duration of such service;

“(2) administrative requirements placed on all borrowers of student loans made in accordance with title IV of the Act who are or were engaged in such military service;

“(3) the number of years for which individuals who are engaged in such military service may be eligible for Pell Grants under subpart 1 of part A of title IV of the Act [20 U.S.C. 1070a et seq.];

“(4) the point at which the borrower of a Stafford Loan who is or was engaged in such military service is required to resume repayment of principal and interest on such loan after the borrower completes a period of deferment under section 427(a)(2)(C)(ii) or 428(b)(1)(M)(ii) of the Act;

“(5) the point at which the borrower of a Stafford Loan who is or was engaged in such military service is required to resume repayment of principal and interest on such loan after the borrower completes a single period of deferment under section 427(a)(2)(C)(i) or 428(b)(1)(M)(i) of the Act subsequent to such service; and

“(6) the modification of the terms ‘annual adjusted family income’ and ‘available income,’ as used in the determination of need for student financial assistance under title IV of the Act for such individual (and the determination of such need for his or her spouse and dependents, if applicable), to mean the sums received in the first calendar year of the award year for

which such determination is made, in order to reflect more accurately the financial condition of such individual and his or her family.

“(c) NOTICE OF WAIVER.—Notwithstanding section 431 [now 437] of the General Education Provisions Act (20 U.S.C. 1232) and section 553 of title 5, United States Code, the Secretary shall, by notice in the Federal Register, publish the waivers or modifications of statutory and regulatory provisions the Secretary deems necessary to achieve the purposes of this section. Such notice shall include the terms and conditions to be applied in lieu of such statutory and regulatory provisions. The Secretary is not required to exercise the waiver or modification authority under this section on a case-by-case basis.

“(d) DEFINITIONS.—For purposes of this Act [probably should be “section”]—

“(1) Individuals ‘serving on active duty in connection with Operation Desert Shield or Operation Desert Storm’ shall include—

“(A) any Reserve of an Armed Force called to active duty under section 672(a) [now 12301(a)], 672(g) [now 12301(g)], 673 [now 12302], 673b [now 12304], 674 [now 12306], or 688 of title 10, United States Code, for service in connection with Operation Desert Shield or Operation Desert Storm, regardless of the location at which such active duty service is performed; and

“(B) for purposes of waivers of administrative requirements under subsection (b)(2) only, any other member of an Armed Force on active duty in connection with Operation Desert Shield or Operation Desert Storm, who has been assigned to a duty station at a location other than the location at which such member is normally assigned.

“(2) The term ‘active duty’ has the meaning given such term in section 101(22) of title 10, United States Code, except that such term does not include active duty for training or attendance at a service school.

“SEC. 5. TUITION REFUNDS OR CREDITS.

“(a) SENSE OF CONGRESS.—It is the sense of the Congress that all institutions offering postsecondary education should provide a full refund to any member or Reserve of an Armed Force on active duty service in connection with Operation Desert Shield or Operation Desert Storm for that portion of a period of instruction such individual was unable to complete, or for which such individual did not receive academic credit, because he or she was called up for such service. For purposes of this section, a full refund includes a refund of required tuition and fees, or a credit in a comparable amount against future tuition and fees.

“(b) ENCOURAGEMENT AND REPORT.—The Secretary of Education shall encourage institutions to provide such refunds or credits, and shall report to the appropriate committees of Congress on the actions taken in accordance with this subsection as well as information he receives regarding any institutions that are not providing such refunds or credits.

“SEC. 6. TERMINATION OF AUTHORITY.

“The provisions of sections 4 and 5 shall cease to be effective on September 30, 1997.”

Pub. L. 102-25, title III, part E (§§ 371-376), Apr. 6, 1991, 105 Stat. 93, provided that:

“SEC. 371. SHORT TITLE

“This part may be cited as the ‘Persian Gulf Conflict Higher Education Assistance Act’.

“SEC. 372. [Superseded by section 4 of Pub. L. 102-26, set out above.]

“SEC. 373. [Superseded by section 5 of Pub. L. 102-26, set out above.]

“SEC. 374. [Amended section 294d of Title 42, The Public Health and Welfare.]

“SEC. 375. [Superseded by section 6 of Pub. L. 102-26, set out above.]

“SEC. 376. COORDINATION WITH OTHER LAW

“If the Higher Education Technical Amendments of 1991 [Pub. L. 102-26, see Short Title of 1991 Amendment

note set out under section 1001 of this title] is enacted, the provisions of sections 4, 5, and 6 of that Act shall supersede sections 372, 373, and 375.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a of this title.

#### SUBPART 1—BASIC EDUCATIONAL OPPORTUNITY GRANTS

##### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in sections 1061, 1070, 1070a–37, 1070b–3, 1078, 1087b, 1087c, 1087e, 1087kk, 1091, 1092, 1096, 1099a–3, 1145e, 2341a, 7474 of this title; title 25 section 1809; title 26 section 6103.

### § 1070a. Basic educational opportunity grants: amount and determinations; applications

#### (a) Program authority and method of distribution

(1) The Secretary shall, during the period beginning July 1, 1972, and ending September 30, 1998, pay to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 1091 of this title) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to subsection (b) of this section. Not less than 85 percent of such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment.

(2) Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects not to participate in the disbursement system required by paragraph (1).

(3) Basic grants made under this subpart shall be known as “Federal Pell Grants”.

#### (b) Purpose and amount of grants

(1) The purpose of this subpart is to provide a basic grant that in combination with reasonable family and student contribution and supplemented by the programs authorized under subparts 3 and 4 of this part, will meet at least 75 percent of a student's cost of attendance (as defined in section 108711 of this title), unless the institution determines that a greater amount of assistance would better serve the purposes of section 1070<sup>1</sup> of this title.

(2)(A) The amount of the basic grant for a student eligible under this part shall be—

- (i) \$3,700 for academic year 1993–1994,
- (ii) \$3,900 for academic year 1994–1995,
- (iii) \$4,100 for academic year 1995–1996,
- (iv) \$4,300 for academic year 1996–1997, and
- (v) \$4,500 for academic year 1997–1998,

less an amount equal to the amount determined to be the expected family contribution with respect to that student for that year.

(B) In any case where a student attends an institution of higher education on less than a full-time basis (including a student who attends an institution of higher education on less than a half-time basis) during any academic year, the amount of the basic grant to which that student is entitled shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis, in accordance with a schedule of reductions established by the Secretary for the purposes of this division, computed in accordance with this subpart. Such schedule of reductions shall be established by regulation and published in the Federal Register in accordance with section 1089 of this title.

(3)(A) For any academic year for which an appropriation Act provides a maximum basic grant in an amount in excess of \$2,400, the amount of a student's basic grant shall equal \$2,400 plus—

- (i) one-half of the amount by which such maximum basic grant exceeds \$2,400; plus
- (ii) the lesser of—

(I) the remaining one-half of such excess; or

(II) the sum of the student's tuition and the student's allowance determined under subparagraph (B), if applicable.

(B) For purposes of subparagraph (A)(ii)(II), a student's allowance is \$750 if the student has dependent care expenses (as defined in section 108711(8) of this title) or disability related expenses (as defined in section 108711(9) of this title).

(4) No basic grant under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance (as defined in section 108711 of this title) at the institution at which that student is in attendance. If, with respect to any student, it is determined that the amount of a basic grant plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of expected family contribution and the amount of the basic grant does not exceed the cost of attendance at such institution.

(5) No basic grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this subsection for any academic year is less than \$400, except that a student who is eligible for a basic grant that is equal to or greater than \$200 but less than \$400 shall be awarded a basic grant of \$400.

(6) The Secretary may allow, on a case-by-case basis, a student to receive 2 Pell grants during a single award year, if—

(A) the student is enrolled full-time in an associate or baccalaureate degree program of study that is 2 years or longer at an eligible institution that is computed in credit hours; and

(B) the student completes course work toward completion of an associate or baccalaureate degree that exceeds the requirements for a full academic year as defined by the institution.

(7) Notwithstanding any other provision of this subpart, the Secretary shall allow the

<sup>1</sup> See References in Text note below.

amount of the basic grant to be exceeded for students participating in a program of study abroad approved for credit by the institution at which the student is enrolled when the reasonable costs of such program are greater than the cost of attendance at the student's home institution, except that the amount of such basic grant in any fiscal year shall not exceed the grant level specified in the appropriate Appropriation Act for this subpart for such year. If the preceding sentence applies, the financial aid administrator at the home institution may use the cost of the study abroad program, rather than the home institution's cost, to determine the cost of attendance of the student.

(8) No basic grant shall be awarded under this subpart to any individual who is incarcerated in any Federal or State penal institution.

**(c) Period of eligibility for grants**

(1) The period during which a student may receive basic grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance except that any period during which the student is enrolled in a non-credit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of this paragraph.

(2) Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution to be necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or certificate or, in the case of courses in English language instruction, to be necessary to enable the student to utilize already existing knowledge, training, or skills. Nothing in this section shall exclude from eligibility programs of study abroad that are approved for credit by the home institution at which the student is enrolled.

(3) No student is entitled to receive Pell Grant payments concurrently from more than one institution or from the Secretary and an institution.

**(d) Applications for grants**

(1) The Secretary shall from time to time set dates by which students shall file applications for basic grants under this subpart.

(2) Each student desiring a basic grant for any year shall file an application therefor containing such information and assurances as the Secretary may deem necessary to enable the Secretary to carry out the functions and responsibilities of this subpart.

**(e) Distribution of grants to students**

Payments under this section shall be made in accordance with regulations promulgated by the Secretary for such purpose, in such manner as will best accomplish the purpose of this section. Any disbursement allowed to be made by crediting the student's account shall be limited to tuition and fees and, in the case of institutionally owned housing, room and board. The student may elect to have the institution provide other such goods and services by crediting the student's account.

**(f) Calculation of eligibility**

(1) Each contractor processing applications for awards under this subpart (including a central processor, if any, designated by the Secretary) shall, in a timely manner, furnish to the student financial aid administrator (at each institution of higher education which a student awarded a basic grant under this subpart is attending), as a part of its regular output document, the expected family contribution for each such student. Each such student financial aid administrator shall—

(A) examine and assess the data used to calculate the expected family contribution of the student furnished pursuant to this subsection;

(B) recalculate the expected family contribution of the student if there has been a change in circumstances of the student or in the data submitted;

(C) make the award to the student in the correct amount; and

(D) after making such award report the corrected data to such contractor and to a central processor (if any) designated by the Secretary for a confirmation of the correct computation of amount of the expected family contribution for each such student.

(2) Whenever a student receives an award under this subpart that, due to recalculation errors by the institution of higher education, is in excess of the amount which the student is entitled to receive under this subpart, such institution of higher education shall pay to the Secretary the amount of such excess unless such excess can be resolved in a subsequent disbursement to the institution.

(3) Each contractor processing applications for awards under this subpart shall for each academic year after academic year 1986–1987 prepare and submit a report to the Secretary on the correctness of the computations of amount of the expected family contribution, and on the accuracy of the questions on the application form under this subpart for the previous academic year for which the contractor is responsible. The Secretary shall transmit the report, together with the comments and recommendations of the Secretary, to the Committee on Appropriations and the Committee on Labor and Human Resources of the Senate and the Committee on Appropriations and the Committee on Education and Labor of the House of Representatives.

**(g) Insufficient appropriations**

If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b) of this section (but at the maximum grant level specified in such appropriation), the Secretary shall promptly transmit a notice of such insufficiency to each House of the Congress, and identify in such notice the additional amount that would be required to be appropriated to satisfy fully all entitlements (as so calculated at such maximum grant level).

**(h) Use of excess funds**

(1) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible

students by 15 percent or less, then all of the excess funds shall remain available for making payments under this subpart during the next succeeding fiscal year.

(2) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by more than 15 percent, then all of such funds shall remain available for making such payments but payments may be made under this paragraph only with respect to entitlements for that fiscal year.

**(i) Treatment of institutions and students under other laws**

Any institution of higher education which enters into an agreement with the Secretary to disburse to students attending that institution the amounts those students are eligible to receive under this subpart shall not be deemed, by virtue of such agreement, a contractor maintaining a system of records to accomplish a function of the Secretary. Recipients of Pell Grants shall not be considered to be individual grantees for purposes of subtitle D of title V of Public Law 100-690 [41 U.S.C. 701 et seq.].

(Pub. L. 89-329, title IV, §401, formerly §411, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1309; amended Pub. L. 100-50, §3(a), June 3, 1987, 101 Stat. 337; renumbered §401 and amended Pub. L. 102-325, title IV, §§401(a)-(h), 402(a)(3), July 23, 1992, 106 Stat. 479-482; Pub. L. 103-208, §2(b)(1)-(5), (k)(1), Dec. 20, 1993, 107 Stat. 2458, 2485; Pub. L. 103-322, title II, §20411(a), Sept. 13, 1994, 108 Stat. 1828.)

**REFERENCES IN TEXT**

Section 1070 of this title, referred to in subsec. (b)(1), was in the original a reference to section 401, meaning section 401 of the Higher Education Act of 1965, Pub. L. 89-329. Sections 401 and 411 of that Act were renumbered as sections 400 and 401, respectively, by Pub. L. 102-325, title IV, §402(a)(3), July 23, 1992, 106 Stat. 482, and are classified to sections 1070 and 1070a of this title, respectively.

Subtitle D of title V of Public Law 100-690, referred to in subsec. (i), is subtitle D (§§5151-5160) of title V of Pub. L. 100-690, Nov. 18, 1988, 102 Stat. 4304, commonly known as the Drug-Free Workplace Act of 1988, which is classified generally to chapter 10 (§701 et seq.) of Title 41, Public Contracts. For complete classification of this Act to the Code, see Short Title note set out under section 701 of Title 41 and Tables.

**PRIOR PROVISIONS**

A prior section 1070a, Pub. L. 89-329, title IV, §411, as added Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 248; amended Pub. L. 94-328, §2(f), June 30, 1976, 90 Stat. 727; Pub. L. 94-482, title I, §121(a), (b)(1), (c)-(i), Oct. 12, 1976, 90 Stat. 2091-2093; Pub. L. 95-43, §1(a)(5), June 15, 1977, 91 Stat. 213; Pub. L. 95-566, §2, Nov. 1, 1978, 92 Stat. 2402; Pub. L. 96-49, §5(a)(1), (2)(A), Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, title IV, §402, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1401, 1503; Pub. L. 97-301, §8(a), Oct. 13, 1982, 96 Stat. 1402, related to basic educational opportunity grants, amount and determinations, and applications, prior to the general revision of this part by Pub. L. 99-498.

A prior section 401 of Pub. L. 89-329 was renumbered section 400 by section 402(a)(3) of Pub. L. 102-325 and is classified to section 1070 of this title.

Another prior section 401 of Pub. L. 89-329, title IV, as added and amended Pub. L. 92-318, title I, §131(b)(1), title X, §1001(c)(1), (2), June 23, 1972, 86 Stat. 247, 381;

Pub. L. 94-482, title I, §125, Oct. 12, 1976, 90 Stat. 2096; Pub. L. 96-374, title IV, §401, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1401, 1503, which stated purpose of program of grants to students in attendance at institutions of higher education, was classified to section 1070 of this title, prior to the general revision of this part by Pub. L. 99-498.

**AMENDMENTS**

1994—Subsec. (b)(8). Pub. L. 103-322 amended par. (8) generally. Prior to amendment, par. (8) read as follows:

“(8)(A) No basic grant shall be awarded to an incarcerated student under this subpart that exceeds the sum of the amount of tuition and fees normally assessed by the institution of higher education for the course of study such student is pursuing plus an allowance (determined in accordance with regulations issued by the Secretary) for books and supplies associated with such course of study, except that no basic grant shall be awarded to any incarcerated student serving under sentence of death or any life sentence without eligibility for parole or release.

“(B) Basic grants under this subpart shall only be awarded to incarcerated individuals in a State if such grants are used to supplement and not supplant the level of postsecondary education assistance provided by such State to incarcerated individuals in fiscal year 1988.”

1993—Subsec. (a)(1). Pub. L. 103-208, §2(b)(1), inserted before period at end of second sentence “, except that this sentence shall not be construed to limit the authority of the Secretary to place an institution on a reimbursement system of payment”.

Subsec. (b)(2)(B). Pub. L. 103-208, §2(k)(1), amended directory language of Pub. L. 102-325, §401(d)(2)(A). See 1992 Amendment note below.

Subsec. (b)(6). Pub. L. 103-208, §2(b)(2)-(4), substituted “single award year” for “single 12-month period” in introductory provisions, “an associate or baccalaureate” for “a baccalaureate” in subpar. (A), and “an associate or baccalaureate” for “a bachelor’s” in subpar. (B).

Subsec. (i). Pub. L. 103-208, §2(b)(5), substituted “subtitle D of title V” for “part D of title V”.

1992—Subsec. (a)(1). Pub. L. 102-325, §401(a), substituted “September 30, 1998” for “September 30, 1992” and “subsection (b) of this section” for “paragraph (2)”.

Subsec. (a)(3). Pub. L. 102-325, §401(b), substituted “Federal Pell Grants” for “Pell Grants”.

Subsec. (b)(1). Pub. L. 102-325, §401(c), struck out “(A) as determined under paragraph (2), will meet 60 percent of a student’s cost of attendance (as defined in section 1070a-6 of this title); and (B)” after “basic grant that” and substituted “family and student” for “parental or independent student”, “subparts 3 and 4” for “subparts 2 and 3”, and “will meet at least 75 percent” for “will meet 75 percent”.

Subsec. (b)(2)(A)(i) to (v). Pub. L. 102-325, §401(d)(1), added cls. (i) to (v) and struck out former cls. (i) to (v) which read as follows:

- “(i) \$2,300 for academic year 1987-1988,
- “(ii) \$2,500 for academic year 1988-1989,
- “(iii) \$2,700 for academic year 1989-1990,
- “(iv) \$2,900 for academic year 1990-1991, and
- “(v) \$3,100 for academic year 1991-1992.”

Subsec. (b)(2)(B). Pub. L. 102-325, §401(d)(2)(A), as amended by Pub. L. 103-208, §2(k)(1), inserted “(including a student who attends an institution of higher education on less than a half-time basis)” in first sentence after “full-time basis” the first time appearing.

Pub. L. 102-325, §401(d)(2)(B), inserted “, computed in accordance with this subpart” before period at end of first sentence.

Subsec. (b)(3). Pub. L. 102-325, §401(d)(3), amended par. (3) generally. Prior to amendment, par. (3) read as follows: “The amount of a basic grant to which a student is entitled under this subpart for any academic year shall not exceed 60 percent of the cost of attendance (as defined in section 1070a-6 of this title) at the institution at which the student is in attendance for that year.”

Subsec. (b)(4). Pub. L. 102-325, § 401(d)(4), substituted “section 1087fff” for “section 1070a-6”.

Subsec. (b)(5). Pub. L. 102-325, § 401(d)(5), substituted “\$400, except that a student who is eligible for a basic grant that is equal to or greater than \$200 but less than \$400 shall be awarded a basic grant of \$400” for “\$200”.

Subsec. (b)(6) to (8). Pub. L. 102-325, § 401(d)(6), added pars. (6) to (8) and struck out former pars. (6) and (7) which limited or prohibited basic grants from funds appropriated for fiscal years prior to 1992 to students attending on a less than half-time basis.

Subsec. (c)(1). Pub. L. 102-325, § 401(e)(1), substituted “any period during which the student is enrolled in a noncredit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of this paragraph.” for “—

“(A) such period may not exceed the full-time equivalent of—

“(i) 5 academic years in the case of an undergraduate degree or certificate program normally requiring 4 years or less;

“(ii) 6 academic years in the case of an undergraduate degree or certificate program normally requiring more than 4 years;

“(B) any period during which the student is enrolled in a noncredit or remedial course of study as defined in paragraph (2) shall not be counted for the purpose of subparagraph (A); and

“(C) an institution of higher education at which the student is in attendance may waive subparagraph (A) for undue hardship based on—

“(i) the death of a relative of the student;

“(ii) the personal injury or illness of the student;

or

“(iii) special circumstances as determined by the institution.”

Subsec. (c)(2). Pub. L. 102-325, § 401(e)(2), inserted at end “Nothing in this section shall exclude from eligibility programs of study abroad that are approved for credit by the home institution at which the student is enrolled.”

Subsec. (f)(1). Pub. L. 102-325, § 401(f)(1), substituted “, as a part of its regular output document, the expected family contribution” for “an estimate of the eligibility index” in introductory provisions and “expected family contribution” for “eligibility index” in subpars. (A), (B), and (D).

Subsec. (f)(3). Pub. L. 102-325, § 401(f)(2), substituted “expected family contribution” for “eligibility index”.

Subsec. (g). Pub. L. 102-325, § 401(g), struck out “Adjustments for” before “insufficient appropriations” in heading and amended text generally. Prior to amendment, text read as follows:

“(1) If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b) of this section, the amount paid with respect to each entitlement shall be—

“(A) the full amount for any student whose expected family contribution is \$200 or less, or

“(B) a percentage of that entitlement, as determined in accordance with a schedule of reductions established by the Secretary for this purpose, for any student whose expected family contribution is more than \$200.

“(2) Any schedule established by the Secretary for the purpose of paragraph (1)(B) of this subsection shall contain a single linear reduction formula in which the percentage reduction increases uniformly as the entitlement decreases, and shall provide that if an entitlement is reduced to less than \$100, no payment shall be made.”

Subsec. (i). Pub. L. 102-325, § 401(h), substituted “Treatment of institutions and students under other laws” for “Noncontractor status of institutions” in heading and inserted at end of text “Recipients of Pell Grants shall not be considered to be individual grantees for purposes of part D of title V of Public Law 100-690.”

1987—Subsec. (g)(2). Pub. L. 100-50 substituted “paragraph (1)(B)” for “paragraph (1)”.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1994 AMENDMENT

Section 20411(b) of Pub. L. 103-322 provided that: “The amendment made by this section [amending this section] shall apply with respect to periods of enrollment beginning on or after the date of enactment of this Act [Sept. 13, 1994].”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by section 2(b)(1), (3)–(5), (k)(1) of Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, and amendment by section 2(b)(2) of Pub. L. 103-208 effective on and after Dec. 20, 1993, see section 5(a), (b)(2) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Section 410 of Pub. L. 102-325 provided that: “The changes made in part A of title IV of the Act [20 U.S.C. 1070 et seq.] by the amendments made by this part [part A (§§ 401–410) of title IV of Pub. L. 102-325, see Tables for classification] shall take effect on the date of enactment of this Act [July 23, 1992], except—

“(1) as otherwise provided in such part A;

“(2) that the changes made in section 411 [this section], relating to Pell Grants, shall apply to the awarding of Pell Grants for periods of enrollment beginning on or after July 1, 1993; and

“(3) that the changes in section 413C(a)(2) [20 U.S.C. 1070b-2(a)(2)], relating to the Federal share for the supplemental educational opportunity grant program, shall apply to funds provided for such program for the award years beginning on or after July 1, 1993.”

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Section 401(b)(3), (4) of Pub. L. 99-498 provided that:

“(3) Section 411(c) of the Act [20 U.S.C. 1070a(c)] as amended by this section shall apply only to individuals who receive a Pell Grant for the first time for a period of enrollment beginning on or after July 1, 1987.

“(4) Section 411(f) of the Act [20 U.S.C. 1070a(f)] as amended by this section shall apply to the awarding of Pell Grants for periods of enrollment beginning on or after July 1, 1987.”

#### STUDY OF PELL GRANT ELIGIBILITY FOR LESS THAN HALF-TIME STUDENTS

Section 1306 of Pub. L. 99-498 directed Secretary to conduct a study and report to Congress not later than Sept. 30, 1988, on the number of less than half-time students who would be eligible for Pell grants by reason of having an expected family contribution of \$0 and of \$0–\$200 for the appropriate academic years.

#### MAXIMUM PELL GRANTS

Provisions limiting the maximum Pell grant that a student may receive were contained in the following appropriation acts:

Pub. L. 103-333, title III, Sept. 30, 1994, 108 Stat. 2564.

Pub. L. 103-112, title III, Oct. 21, 1993, 107 Stat. 1104.

Pub. L. 102-394, title III, Oct. 6, 1992, 106 Stat. 1816.

Pub. L. 102-170, title III, Nov. 26, 1991, 105 Stat. 1131.

Pub. L. 101-517, title III, Nov. 5, 1990, 104 Stat. 2212.  
 Pub. L. 101-166, title III, Nov. 21, 1989, 103 Stat. 1182.  
 Pub. L. 100-436, title III, Sept. 20, 1988, 102 Stat. 1704.  
 Pub. L. 100-202, §101(h) [title III], Dec. 22, 1987, 101 Stat. 1329-256, 1329-279.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-24, 1090 of this title.

### §§ 1070a-1 to 1070a-6. Repealed. Pub. L. 102-325, title IV, § 401(i), July 23, 1992, 106 Stat. 482

Section 1070a-1, Pub. L. 89-329, title IV, §411A, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1312; amended Pub. L. 100-50, §3(b)(1), June 3, 1987, 101 Stat. 337; Pub. L. 100-369, §7(c), July 18, 1988, 102 Stat. 837, related to family contribution schedule for Pell Grants and data elements.

Section 1070a-2, Pub. L. 89-329, title IV, §411B, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1313; amended Pub. L. 100-50, §3(b)(2), (c)-(f)(1), (4), (5), (g), June 3, 1987, 101 Stat. 337, 338; Pub. L. 102-54, §13(g)(1)(B), June 13, 1991, 105 Stat. 275, related to eligibility determination for dependent students.

Section 1070a-3, Pub. L. 89-329, title IV, §411C, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1316; amended Pub. L. 100-50, §3(b)(3), (c)(1), (f)(2), (4), (5), (g), (h)(2), June 3, 1987, 101 Stat. 337, 338; Pub. L. 100-369, §7(c), July 18, 1988, 102 Stat. 837; Pub. L. 102-54, §13(g)(1)(C), June 13, 1991, 105 Stat. 275, related to eligibility determination for independent students with dependents other than a spouse.

Section 1070a-4, Pub. L. 89-329, title IV, §411D, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1319; amended Pub. L. 100-50, §3(b)(4), (c)(1), (f)(3), (4), (g), June 3, 1987, 101 Stat. 337, 338; Pub. L. 100-369, §7(c), July 18, 1988, 102 Stat. 837; Pub. L. 102-54, §13(g)(1)(D), June 13, 1991, 105 Stat. 275, related to eligibility determination for single independent students or for married independent students without other dependents.

Section 1070a-5, Pub. L. 89-329, title IV, §411E, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1322, related to regulations and updated tables.

Section 1070a-6, Pub. L. 89-329, title IV, §411F, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1323; amended Pub. L. 100-50, §3(h)(1), (i)-(m), June 3, 1987, 101 Stat. 338, 339; Pub. L. 100-369, §7(a), (c), July 18, 1988, 102 Stat. 836, 837; Pub. L. 101-610, title I, §185(1), (2), Nov. 16, 1990, 104 Stat. 3167, related to definitions and determinations.

#### SUBPART 2—FEDERAL EARLY OUTREACH AND STUDENT SERVICES PROGRAMS

##### CODIFICATION

Pub. L. 102-325, title IV, §402(a)(2), (4), July 23, 1992, 106 Stat. 482, added subpart 2 and redesignated former subpart 2 comprising sections 1070b to 1070b-3 of this title as subpart 3.

#### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in section 108700 of this title.

#### Division 1—Federal Trio Programs

##### DIVISION REFERRED TO IN OTHER SECTIONS

This division is referred to in sections 1070a-24, 1091, 1144a of this title.

### § 1070a-11. Program authority; authorization of appropriations

#### (a) Grants and contracts authorized

The Secretary shall, in accordance with the provisions of this division, carry out a program

of making grants and contracts designed to identify qualified individuals from disadvantaged backgrounds, to prepare them for a program of postsecondary education, to provide support services for such students who are pursuing programs of postsecondary education, to motivate and prepare students for doctoral programs, and to train individuals serving or preparing for service in programs and projects so designed.

#### (b) Recipients, duration, and size

##### (1) Recipients

For the purposes described in subsection (a) of this section, the Secretary is authorized, without regard to section 5 of title 41, to make grants to, and contracts with, institutions of higher education, public and private agencies and organizations, combinations of such institutions, agencies and organizations, and in exceptional circumstances, secondary schools, for planning, developing, or carrying out one or more of the services assisted under this division.

##### (2) Duration

Grants or contracts made under this division shall be awarded for a period of 4 years, except that—

(A) the Secretary shall award such grants or contracts for 5 years to applicants whose peer review scores were in the highest 10 percent of scores of all applicants receiving grants or contracts in each program competition for the same award year; and

(B) grants made under section 1070a-17 of this title shall be awarded for a period of 2 years.

##### (3) Minimum grant level

In any year in which the appropriations authorized under this division exceed the prior year appropriation as adjusted for inflation, the Secretary shall use 80 percent of the amount appropriated above the current services level to bring each award up to the minimum grant level or the amount requested by the institution or agency, whichever is less. The minimum grant level (A) for programs authorized under section 1070a-14 or 1070a-17 of this title, shall not be less than \$170,000 for fiscal year 1993; (B) for programs authorized under section 1070a-12 or 1070a-16 of this title shall not be less than \$180,000 for fiscal year 1994; and (C) for programs authorized under section 1070a-13 or 1070a-15 of this title shall not be less than \$190,000 for fiscal year 1995.

#### (c) Procedures for awarding grants and contracts

##### (1) Prior experience

In making grants and contracts under this division, the Secretary shall consider the prior experience of service delivery under the particular program for which funds are sought by each applicant. For fiscal years after 1985, the level of consideration given to prior experience shall not vary from the level of consideration given this factor for fiscal year 1985, except that in the case of the programs authorized in sections 1070a-15 and 1070a-17 of this title, the level of consideration given to prior

experience shall be the same as the level of consideration given this factor in the other programs authorized in this division.

**(2) Order of awards; program fraud**

(A) Except with respect to grants made under section 1070a-17 of this title, and as provided in subparagraph (B), the Secretary shall award grants and contracts under this division in the order of the scores received by the application for such grant or contract in the peer review process required under section 1145d-1 of this title and adjusted for prior experience in accordance with paragraph (1).

(B) The Secretary is not required to provide assistance to a program otherwise eligible for assistance under this division, if the Secretary has determined that such program has involved the fraudulent use of funds under this division.

**(3) Peer review process**

(A) The Secretary shall assure that, to the extent practicable, members of groups underrepresented in higher education, including African Americans, Hispanics, Native Americans, Alaska Natives, Asian Americans, Native American Pacific Islanders (including Native Hawaiians), are represented as readers of applications submitted under this division. The Secretary shall also assure that persons from urban and rural backgrounds are represented as readers.

(B) The Secretary shall ensure that each application submitted under this division is read by at least 3 readers who are not employees of the Federal Government (other than as readers of applications).

**(4) Application status**

The Secretary shall inform each entity operating programs under this division regarding the status of their application for continued funding at least 8 months prior to the expiration of the grant or contract. The Secretary, in the case of an entity that is continuing to operate a successful program under this division, shall ensure that the start-up date for a new grant or contract for such program immediately follows the termination of preceding grant or contract so that no interruption of funding occurs for such successful re-applicants. The Secretary shall inform each entity requesting assistance under this subpart for a new program regarding the status of their application at least 8 months prior to the proposed startup date of such program.

**(5) Number of applications for grants and contracts**

The Secretary shall not limit the number of applications submitted by an entity under any program authorized under this division if the additional applications describe programs serving different populations or campuses.

**(6) Coordination with other programs for disadvantaged students**

The Secretary shall encourage coordination of programs assisted under this division with other programs for disadvantaged students operated by the sponsoring institution or agency, regardless of the funding source of such

programs. The Secretary shall not limit an entity's eligibility to receive funds under this division because such entity sponsors a program similar to the program to be assisted under this division, regardless of the funding source of such program. The Secretary shall not require a separate Director to administer a program funded under this division if the imposition of such requirement will hinder coordination among programs funded under this division or between programs funded under this subpart and similar programs funded through other sources.

**(d) Outreach**

**(1) In general**

The Secretary shall conduct outreach activities to ensure that entities eligible for assistance under this division submit applications proposing programs that serve geographic areas and eligible populations which have been underserved by the programs assisted under this division.

**(2) Notice**

In carrying out the provisions of paragraph (1), the Secretary shall notify the entities described in subsection (b) of this section of the availability of assistance under this subsection not less than 120 days prior to the deadline for submission of applications under this division and shall consult national, State, and regional organizations about candidates for notification.

**(3) Technical assistance**

The Secretary shall provide technical training to applicants for projects and programs authorized under this division. The Secretary shall give priority to serving programs and projects that serve geographic areas and eligible populations which have been underserved by the programs assisted under this division. Technical training activities shall include the provision of information on authorizing legislation, goals and objectives of the program, required activities, eligibility requirements, the application process and application deadlines, and assistance in the development of program proposals and the completion of program applications. Such training shall be furnished at conferences, seminars, and workshops to be conducted at not less than 10 sites throughout the United States to ensure that all areas of the United States with large concentrations of eligible participants are served.

**(4) Special rule**

The Secretary may contract with eligible entities to conduct the outreach activities described in this subsection.

**(e) Documentation of status as a low-income individual**

(1) Except in the case of an independent student, as defined in section 1087vv(d) of this title, documentation of an individual's status pursuant to subsection (g)(2) of this section shall be made by providing the Secretary with—

(A) a signed statement from the individual's parent or legal guardian;

(B) verification from another governmental source;



- (C) a signed financial aid application; or
- (D) a signed United States or Puerto Rico income tax return.

(2) In the case of an independent student, as defined in section 1087vv(d) of this title, documentation of an individual's status pursuant to subsection (g)(2) of this section shall be made by providing the Secretary with—

- (A) a signed statement from the individual;
- (B) verification from another governmental source;
- (C) a signed financial aid application; or
- (D) a signed United States or Puerto Rico income tax return.

#### (f) Authorization of appropriations

For the purpose of making grants and contracts under this division, there are authorized to be appropriated \$650,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years. Of the amount appropriated under this division, the Secretary may use no more than  $\frac{1}{2}$  of 1 percent of such amount to obtain additional qualified readers and additional staff to review applications, to increase the level of oversight monitoring, to support impact studies, program assessments and reviews, and to provide technical assistance to potential applicants and current grantees. In expending these funds, the Secretary shall give priority to the additional administrative requirements provided in the Higher Education Amendments of 1992, to outreach activities, and to obtaining additional readers. The Secretary shall report to Congress by October 1, 1994, on the use of these funds.

#### (g) Definitions

For the purpose of this division:

##### (1) First generation college student

The term “first generation college student” means—

- (A) an individual both of whose parents did not complete a baccalaureate degree; or
- (B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree.

##### (2) Low-income individual

The term “low-income individual” means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.

##### (3) Veteran eligibility

No veteran shall be deemed ineligible to participate in any program under this division by reason of such individual's age who—

- (A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and was discharged or released therefrom under conditions other than dishonorable; or
- (B) served on active duty after January 31, 1955, and was discharged or released therefrom because of a service connected disability.

(Pub. L. 89-329, title IV, § 402A, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 448; amended Pub. L. 103-208, § 2(b)(6)–(9), Dec. 20, 1993, 107 Stat. 2458.)

#### REFERENCES IN TEXT

The Higher Education Amendments of 1992, referred to in subsec. (f), is Pub. L. 102-325, July 23, 1992, 106 Stat. 448. For complete classification of this Act to the Code, see Short Title of 1992 Amendment note set out under section 1001 of this title and Tables.

REFERENCES TO SUBPART 2, 3, OR 4 OF THIS PART  
DEEMED TO REFER TO SUBPART 3, 4, OR 2 OF THIS PART

Section 402(b) of Pub. L. 102-325 provided that: “Reference in any provision of law (other than the Act [20 U.S.C. 1001 et seq.]) to subpart 2, 3, or 4 of part A of title IV of the Act shall, after the date of enactment of this Act [July 23, 1992], be deemed to refer to subpart 3 [20 U.S.C. 1070b et seq.], 4 [20 U.S.C. 1070c et seq.], or 2 [20 U.S.C. 1070a-11 et seq.] of such part, respectively.”

#### AMENDMENTS

1993—Subsec. (b)(2). Pub. L. 103-208, § 2(b)(6), added par. (2) and struck out former par. (2) which read as follows: “Grants or contracts made under this division shall be awarded for a period of 4 years, except that the Secretary shall award such grants or contracts for 5 years to applicants whose peer review scores were in the highest 10 percent of scores of all applicants receiving grants or contracts in each program competition for the same award year.”

Subsec. (c)(1). Pub. L. 103-208, § 2(b)(7), inserted before period at end of second sentence “, except that in the case of the programs authorized in sections 1070a-15 and 1070a-17 of this title, the level of consideration given to prior experience shall be the same as the level of consideration given this factor in the other programs authorized in this division”.

Subsec. (c)(2)(A). Pub. L. 103-208, § 2(b)(8), inserted “with respect to grants made under section 1070a-17 of this title, and” after “Except”.

Subsec. (e). Pub. L. 103-208, § 2(b)(9), amended subsec. (e) generally. Prior to amendment, subsec. (e) read as follows: “Documentation of an individual's status pursuant to subsection (g)(2) of this section shall be made—

“(1) in the case of an individual who is eighteen years of age or younger or a dependent student by providing the Secretary with a signed statement from the parent or legal guardian, verification from another governmental source, a signed financial aid application, or a signed United States or Puerto Rican income tax return; and

“(2) in the case of an individual who is age 18 or older or who is an independent student, by providing the Secretary with a signed statement from the individual, verification from another governmental source, a signed financial aid form, or a signed United States or Puerto Rican income tax return.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by section 2(b)(6), (8), (9) of Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, and amendment by section 2(b)(7) of Pub. L. 103-208 effective on and after Dec. 20, 1993, see section 5(a), (b)(2) of Pub. L. 103-208 set out as a note under section 1003 of this title.

#### ADVANCED PLACEMENT FEE PAYMENT PROGRAM

Section 1545 of Pub. L. 102-325 provided that:

“(a) PROGRAM ESTABLISHED.—The Secretary of Education is authorized to make grants to States to enable the States to reimburse individuals to cover part or all of the cost of advance placement test fees, to low-income individuals who—

“(1) are enrolled in an advanced placement class; and

“(2) plan to take an advanced placement test.

“(b) INFORMATION DISSEMINATION.—The State educational agency shall disseminate information on the availability of test fee payments under this section to eligible individuals through secondary school teachers and guidance counselors.

“(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for grants the Secretary of Education shall—

“(1) require that each such application contain a description of the advance placement test fees the State will pay on behalf of individual students;

“(2) require an assurance that any funds received under this section shall only be used to pay advanced placement test fees; and

“(3) contain such information as the Secretary may require to demonstrate that the State will ensure that the student is eligible for payments under this section, including the documentation required by chapter 1 of subpart 2 of part A of title IV of the Higher Education Act of 1965 [20 U.S.C. 1070a-11 et seq.].

“(d) SUPPLEMENTATION OF FUNDING.—Funds provided under this section shall be used to supplement and not supplant other Federal, State, and local or private funds available to assist low-income individuals in paying for advanced placement testing.

“(e) REGULATIONS.—The Secretary of Education shall prescribe such regulations as are necessary to carry out this section.

“(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$3,600,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

“(g) DEFINITION.—As used in this section:

“(1) ADVANCED PLACEMENT TEST.—The term ‘advanced placement test’ includes only an advanced placement test approved by the Secretary of Education for the purposes of this section.

“(2) LOW-INCOME INDIVIDUAL.—The term ‘low-income individual’ has the meaning given the term in section 402A(g)(2) of the Higher Education Act of 1965 [20 U.S.C. 1070a-11(g)(2)].”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-15, 1113 of this title.

### § 1070a-12. Talent search

#### (a) Program authority

The Secretary shall carry out a program to be known as talent search which shall be designed—

(1) to identify qualified youths with potential for education at the postsecondary level and to encourage such youths to complete secondary school and to undertake a program of postsecondary education;

(2) to publicize the availability of student financial assistance available to persons who pursue a program of postsecondary education; and

(3) to encourage persons who have not completed programs of education at the secondary or postsecondary level, but who have the ability to complete such programs, to reenter such programs.

#### (b) Permissible services

Any talent search project assisted under this division may provide services such as—

(1) academic advice and assistance in secondary school and college course selection;

(2) assistance in completing college admission and financial aid applications;

(3) assistance in preparing for college entrance examinations;

(4) guidance on secondary school reentry or entry to general educational development (GED) programs or other alternative education programs for secondary school drop-outs;

(5) personal and career counseling;

(6) tutorial services;

(7) exposure to college campuses as well as cultural events, academic programs and other sites or activities not usually available to disadvantaged youth;

(8) workshops and counseling for parents of students served;

(9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and

(10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.

#### (c) Requirements for approval of applications

In approving applications for talent search projects under this division for any fiscal year the Secretary shall—

(1) require an assurance that not less than two-thirds of the individuals participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

(2) require that such participants be persons who either have completed 5 years of elementary education or are at least 11 years of age but not more than 27 years of age, unless the imposition of any such limitation with respect to any person would defeat the purposes of this section or the purposes of section 1070a-16 of this title;

(3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 1070a-16 of this title; and

(4) require an assurance that the project will be located in a setting accessible to the persons proposed to be served by the project.

(Pub. L. 89-329, title IV, § 402B, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 486.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-11, 1070a-16, 1070a-34 of this title.

### § 1070a-13. Upward bound

#### (a) Program authority

The Secretary shall carry out a program to be known as upward bound which shall be designed to generate skills and motivation necessary for success in education beyond secondary school.

#### (b) Permissible services

Any upward bound project assisted under this division may provide services such as—

(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond secondary school;

- (2) personal counseling;
- (3) academic advice and assistance in secondary school course selection;
- (4) tutorial services;
- (5) exposure to cultural events, academic programs, and other activities not usually available to disadvantaged youth;
- (6) activities designed to acquaint youths participating in the project with the range of career options available to them;
- (7) instruction designed to prepare youths participating in the project for careers in which persons from disadvantaged backgrounds are particularly underrepresented;
- (8) on-campus residential programs;
- (9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and
- (10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.

**(c) Required services**

Any upward bound project assisted under this division which has received funding for two or more years shall include, as part of the core curriculum in the next and succeeding years, instruction in mathematics through precalculus, laboratory science, foreign language, composition, and literature.

**(d) Requirements for approval of applications**

In approving applications for upward bound projects under this division for any fiscal year, the Secretary shall—

- (1) require an assurance that not less than two-thirds of the youths participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;
- (2) require an assurance that the remaining youths participating in the project proposed to be carried out under any application be either low-income individuals or first generation college students;
- (3) require that there be a determination by the institution, with respect to each participant in such project that the participant has a need for academic support in order to pursue successfully a program of education beyond secondary school; and
- (4) require that such participants be persons who have completed 8 years of elementary education and are at least 13 years of age but not more than 19 years of age, unless the imposition of any such limitation would defeat the purposes of this section.

**(e) Maximum stipends**

Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of \$60 per month during June, July, and August, and not in excess of \$40 per month during the remaining period of the year.

(Pub. L. 89-329, title IV, §402C, as added Pub. L. 102-325, title IV, §402(a)(4), July 23, 1992, 106 Stat. 487; amended Pub. L. 103-208, §2(b)(10), Dec. 20, 1993, 107 Stat. 2459.)

AMENDMENTS

1993—Subsec. (c). Pub. L. 103-208 substituted “foreign” for “and foreign”.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-11, 1070a-34 of this title.

**§ 1070a-14. Student support services**

**(a) Program authority**

The Secretary shall carry out a program to be known as student support services which shall be designed—

- (1) to increase college retention and graduation rates for eligible students;
- (2) to increase the transfer rates of eligible students from 2-year to 4-year institutions; and
- (3) to foster an institutional climate supportive of the success of low-income and first generation college students and individuals with disabilities.

**(b) Permissible services**

A student support services project assisted under this division may provide services such as—

- (1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond secondary school;
- (2) personal counseling;
- (3) academic advice and assistance in course selection;
- (4) tutorial services and counseling and peer counseling;
- (5) exposure to cultural events and academic programs not usually available to disadvantaged students;
- (6) activities designed to acquaint students participating in the project with the range of career options available to them;
- (7) activities designed to assist students participating in the project in securing admission and financial assistance for enrollment in graduate and professional programs;
- (8) activities designed to assist students currently enrolled in 2-year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education;
- (9) mentoring programs involving faculty or upper class students, or a combination thereof; and
- (10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.

**(c) Requirements for approval of applications**

In approving applications for student support services projects under this division for any fiscal year, the Secretary shall—

- (1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application—

- (A) be individuals with disabilities; or
- (B) be low-income individuals who are first generation college students;

(2) require an assurance that the remaining students participating in the project proposed to be carried out under any application be low-income individuals, first generation college students, or individuals with disabilities;

(3) require an assurance that not less than one-third of the individuals with disabilities participating in the project be low-income individuals;

(4) require that there be a determination by the institution, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond secondary school;

(5) require that such participants be enrolled or accepted for enrollment at the institution which is the recipient of the grant or contract; and

(6) require an assurance from the institution which is the recipient of the grant or contract that each student enrolled in the project will be offered sufficient financial assistance to meet that student's full financial need.

(Pub. L. 89-329, title IV, § 402D, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 488; amended Pub. L. 103-208, § 2(b)(11), Dec. 20, 1993, 107 Stat. 2459.)

#### AMENDMENTS

1993—Subsec. (c)(2). Pub. L. 103-208 struck out “either” after “application”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-11, 1070a-23 of this title.

### § 1070a-15. Postbaccalaureate achievement program authority

#### (a) Program authority

The Secretary shall carry out a program to be known as the “Ronald E. McNair Postbaccalaureate Achievement Program” that shall be designed to provide disadvantaged college students with effective preparation for doctoral study.

#### (b) Services

A postbaccalaureate achievement project assisted under this section may provide services such as—

- (1) opportunities for research or other scholarly activities at the institution or at graduate centers designed to provide students with effective preparation for doctoral study;
- (2) summer internships;
- (3) seminars and other educational activities designed to prepare students for doctoral study;
- (4) tutoring;
- (5) academic counseling;

(6) activities designed to assist students participating in the project in securing admission to and financial assistance for enrollment in graduate programs;

(7) mentoring programs involving faculty members at institutions of higher education, students, or any combination of such persons; and

(8) exposure to cultural events and academic programs not usually available to disadvantaged students.

#### (c) Requirements

In approving applications for postbaccalaureate achievement projects assisted under this section for any fiscal year, the Secretary shall require—

(1) an assurance that not less than two-thirds of the individuals participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

(2) an assurance that the remaining persons participating in the project proposed to be carried out be from a group that is underrepresented in graduate education;

(3) an assurance that participants be enrolled in a degree program at an eligible institution having an agreement with the Secretary in accordance with the provisions of section 1094 of this title; and

(4) an assurance that participants in summer research internships have completed their sophomore year in postsecondary education.

#### (d) Award considerations

In addition to such other selection criteria as may be prescribed by regulations, the Secretary shall consider in making awards to institutions under this section—

(1) the quality of research and other scholarly activities in which students will be involved;

(2) the level of faculty involvement in the project and the description of the research in which students will be involved; and

(3) the institution's plan for identifying and recruiting participants including students enrolled in projects authorized under this section.

#### (e) Maximum stipends

Students participating in research under a postbaccalaureate achievement project may receive an award that—

(1) shall include a stipend not to exceed \$2,400 per annum; and

(2) may include, in addition, the costs of summer tuition, summer room and board, and transportation to summer programs.

#### (f) Funding

From amounts appropriated pursuant to the authority of section 1070a-11(f) of this title, the Secretary shall, to the extent practicable, allocate funds for projects authorized by this section in an amount which is not less than \$11,000,000 for each of the fiscal years 1993 through 1997.

(Pub. L. 89-329, title IV, § 402E, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 489.)

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-11 of this title.

**§ 1070a-16. Educational opportunity centers****(a) Program authority; services provided**

The Secretary shall carry out a program to be known as educational opportunity centers which shall be designed—

- (1) to provide information with respect to financial and academic assistance available for individuals desiring to pursue a program of postsecondary education; and
- (2) to provide assistance to such persons in applying for admission to institutions at which a program of postsecondary education is offered, including preparing necessary applications for use by admissions and financial aid officers.

**(b) Permissible services**

An educational opportunity center assisted under this section may provide services such as—

- (1) public information campaigns designed to inform the community regarding opportunities for postsecondary education and training;
- (2) academic advice and assistance in course selection;
- (3) assistance in completing college admission and financial aid applications;
- (4) assistance in preparing for college entrance examinations;
- (5) guidance on secondary school reentry or entry to a general educational development (GED) program or other alternative education programs for secondary school dropouts;
- (6) personal counseling;
- (7) tutorial services;
- (8) career workshops and counseling;
- (9) mentoring programs involving elementary or secondary school teachers, faculty members at institutions of higher education, students, or any combination of such persons; and
- (10) programs and activities as described in paragraphs (1) through (9) which are specially designed for students of limited English proficiency.

**(c) Requirements for approval of applications**

In approving applications for educational opportunity centers under this section for any fiscal year the Secretary shall—

- (1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;
- (2) require that such participants be persons who are at least nineteen years of age, unless the imposition of such limitation with respect to any person would defeat the purposes of this section or the purposes of section 1070a-12 of this title; and
- (3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 1070a-12 of this title.

(Pub. L. 89-329, title IV, § 402F, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 490.)

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-11, 1070a-12, 1070a-34 of this title.

**§ 1070a-17. Staff development activities****(a) Secretary's authority**

For the purpose of improving the operation of the programs and projects authorized by this division, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training for staff and leadership personnel employed in, or preparing for employment in, such programs and projects.

**(b) Contents of training programs**

Such training shall include conferences, internships, seminars, workshops, and the publication of manuals designed to improve the operation of such programs and projects and shall be carried out in the various regions of the Nation in order to ensure that the training opportunities are appropriate to meet the needs in the local areas being served by such programs and projects. Such training shall be offered annually for new directors of projects funded under this division as well as annually on the following topics and other topics chosen by the Secretary:

- (1) Legislative and regulatory requirements for the operation of programs funded under this division.
- (2) Assisting students in receiving adequate financial aid from programs assisted under this subchapter and part C of subchapter I of chapter 34 of title 42 and other programs.
- (3) The design and operation of model programs for projects funded under this division.

**(c) Consultation**

Grants for the purposes of this section shall be made only after consultation with regional and State professional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.

(Pub. L. 89-329, title IV, § 402G, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 491.)

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-11 of this title.

**§ 1070a-18. Evaluation for project improvement****(a) In general**

For the purpose of improving the operation of the programs and projects assisted under this division, the Secretary is authorized to make grants to and enter into contracts with institutions of higher education and other public and private institutions and organizations to evaluate the effectiveness of the various programs assisted under this subpart in meeting the purposes described in this division.

**(b) Content**

The evaluations described in subsection (a) of this section shall identify institutional, community and program practices particularly effective in increasing the access of low-income indi-

viduals and first-generation college students to postsecondary education, the preparation of such individuals and students for postsecondary education, and such individuals' and students' success in postsecondary education.

### (c) Results

In order to improve program effectiveness, the results of the ongoing evaluations described in subsection (a) of this section shall be disseminated by the Secretary to similar programs assisted under this division as well as other individuals concerned with the postsecondary access and retention of low-income individuals and first-generation college students.

(Pub. L. 89-329, title IV, § 402H, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 491.)

### Division 2—National Early Intervention Scholarship and Partnership Program

#### DIVISION REFERRED TO IN OTHER SECTIONS

This division is referred to in sections 1070a-34, 1099a of this title.

### § 1070a-21. Early intervention program authorized

The Secretary is authorized, in accordance with the requirements of this division, to establish a program that—

(1) encourages States to provide or maintain a guarantee to eligible low-income students who obtain a high school diploma (or its equivalent), of the financial assistance necessary to permit them to attend an institution of higher education; and

(2) provides incentives to States, in cooperation with local educational agencies, institutions of higher education, community organizations and business, to provide—

(A) additional counseling, mentoring, academic support, outreach, and supportive services to elementary, middle, and secondary school students who are at risk of dropping out of school; and

(B) information to students and their parents about the advantages of obtaining a postsecondary education and their college financing options.

(Pub. L. 89-329, title IV, § 404A, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 492; amended Pub. L. 103-208, § 2(b)(12), Dec. 20, 1993, 107 Stat. 2459.)

#### AMENDMENTS

1993—Par. (1). Pub. L. 103-208 substituted “high school” for “high-school”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EVALUATION OF TUITION GUARANTY PROGRAMS

Section 1407 of Pub. L. 102-325 provided that:

“(a) PURPOSE.—The purposes of this section are—

“(1) to require the Secretary of Education to determine the effectiveness of programs for disadvantaged elementary and secondary school students that offer guarantees for postsecondary education; and

“(2) to identify ways to encourage the business community to participate in such programs.

“(b) CONDUCT OF STUDY.—

“(1) IN GENERAL.—The Secretary of Education shall evaluate the effectiveness of programs for disadvantaged children that, in exchange for the child's commitment to achieving a satisfactory elementary and secondary education, promise the child the financial resources needed to pursue a postsecondary education.

“(2) CONTENT.—The Secretary of Education shall study a sample of the types of programs available, and (A) determine the success or failure of such programs in increasing the access and entry of disadvantaged students into postsecondary education, (B) identify the most successful programs and the causes for success, and (C) determine the responsibilities of sponsors of the programs.

“(3) PROGRAMS STUDIED.—The programs studied shall include a guarantee of postsecondary education for students currently in elementary or secondary grade levels. The programs may include supportive services, mentoring, study skills, and counseling to students participating in the program.

“(c) DISSEMINATION.—The Secretary of Education shall disseminate the findings through appropriate agencies and organizations including associations of businesses.

“(d) SUBMISSION OF REPORT.—The Secretary of Education shall submit an interim report regarding the study by June 30, 1996, and a final report regarding the study by January 1, 1997, to the Committee on Education and Labor [now Committee on Economic and Educational Opportunities] of the House of Representatives and the Committee on Labor and Human Resources of the Senate.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-25 of this title.

### § 1070a-22. State eligibility and State plan

#### (a) Plan required for eligibility

(1) In order for a State to qualify for a grant under this division, the State shall submit to the Secretary a plan for carrying out the program under this division. Such plan shall provide for the conduct, under the State program, of both a scholarship component in accordance with section 1070a-24 of this title and an early intervention component in accordance with section 1070a-23 of this title.

(2) Each State plan submitted pursuant to paragraph (1) shall be in such form, contain or be accompanied by such information or assurances, and be submitted at such time as the Secretary may require by regulation and shall—

(A) describe the activities for which assistance under this section is sought; and

(B) provide such additional assurances as the Secretary determines necessary to ensure compliance with the requirements of this section.

#### (b) Matching requirement

The Secretary shall not approve a plan submitted under subsection (a) of this section unless such plan—

(1) provides that the State will provide, from State, local, or private funds, not less than one-half the cost of the program;

(2) specifies the methods by which such share of the costs will be paid; and

(3) includes provisions designed to assure that funds provided under this division shall

supplement and not supplant funds expended for existing State and local programs.

**(c) Methods for complying with matching requirement**

A State may count toward the contribution required by subsection (b)(1) of this section—

(1) the amount of the grants paid to students from State, local, or private funds under this division;

(2) the amount of tuition, fees, room or board waived or reduced for recipients of grants under this division; and

(3) the amount expended on documented, targeted, long-term mentoring and counseling provided by volunteers or paid staff of non-school organizations, including businesses, religious organizations, community groups, postsecondary educational institutions, non-profit and philanthropic organizations, and other organizations.

**(d) Payment requirements**

Upon submission by a State of such documents as the Secretary may, by regulation, require for demonstrating the total amount expended by the State in accordance with this division for a fiscal year, the Secretary shall, from such State's allotment under section 1070a-25 of this title for such fiscal year, pay to such State an amount equal to not more than one-half of the total amount so expended.

(Pub. L. 89-329, title IV, § 404B, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 492; amended Pub. L. 103-208, § 2(b)(13), (14), Dec. 20, 1993, 107 Stat. 2459.)

AMENDMENTS

1993—Subsec. (a)(1). Pub. L. 103-208, § 2(b)(13), made technical amendments to references to sections 1070a-23 and 1070a-24 of this title to correct references to corresponding sections of original act.

Subsec. (a)(2). Pub. L. 103-208, § 2(b)(14), inserted “shall” after “paragraph (1)” in introductory provisions.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-23, 1070a-24, 1070a-25 of this title.

**§ 1070a-23. Early intervention**

**(a) In general**

In order to receive payments under section 1070a-22(d) of this title, a State shall demonstrate to the satisfaction of the Secretary that the State will provide comprehensive mentoring, counseling, outreach, and supportive services to students participating in programs under this division who are enrolled in preschool through grade 12. Such counseling shall include financial aid counseling that provides information on the opportunities for financial assistance under this subchapter and part C of subchapter I of chapter 34 of title 42. The State shall demonstrate, pursuant to regulations of

the Secretary, the methods by which the State will target services on priority students.

**(b) Uses of funds**

**(1) In general**

The Secretary shall, by regulation, establish criteria for determining whether comprehensive mentoring, counseling, outreach, and supportive services programs may be used to meet the requirements of subsection (a) of this section.

**(2) Allowable providers**

The activities required by subsection (a) of this section may be provided by service providers such as community-based organizations, schools, institutions of higher education, public and private agencies, nonprofit and philanthropic organizations, businesses, institutions and agencies sponsoring programs authorized under subpart 4 of this part, and other organizations the Secretary deems appropriate.

**(3) Permissible activities**

Examples of acceptable activities to meet the requirements of subsection (a) of this section include the following:

(A) Providing eligible students in preschool through grade 12 with a continuing system of mentoring and advising that—

(i) is coordinated with the Federal and State community service initiatives; and

(ii) may include such support services as after school and summer tutoring, assistance in obtaining summer jobs, career mentoring and academic counseling.

(B) Requiring each student to enter into an agreement under which the student agrees to achieve certain academic milestones, such as completing a prescribed set of courses and maintaining satisfactory academic progress as described in section 1091(c) of this title, in exchange for receiving tuition assistance for a period of time to be established by each State.

(C) Activities designed to ensure high school completion and college enrollment of at-risk children, including identification of at-risk children, after school and summer tutoring, assistance in obtaining summer jobs, academic counseling, volunteer and parent involvement and former or current scholarship recipients as mentor or peer counselors, skills assessment, personal counseling, family counseling and home visits, and staff development, and programs and activities as described in this subparagraph which are specially designed for students of limited English proficiency.

(D) Prefreshman summer programs that—

(i) are at institutions of higher education that also have programs of academic year supportive services for disadvantaged students through projects authorized under section 1070a-14 of this title or through comparable projects funded by the State or other sources;

(ii) assure the participation of students who qualify as disadvantaged under the provisions of section 1070a-14 of this title

or who are eligible for comparable programs funded by the State;

(iii)(I) provide summer instruction in remedial, developmental or supportive courses; (II) provide such summer services as counseling, tutoring, or orientation; and (III) provide grant aid to students to cover prefreshman summer costs for books, supplies, living costs and personal expenses; and

(iv) assure that participating students will receive financial aid during each academic year they are enrolled at the participating institution after the prefreshman summer.

(E) Requiring eligible students to meet other standards or requirements as the State determines necessary to meet the purposes of this section.

### (c) Priority students

In administering the early intervention component, the State shall treat as priority students any student in preschool through grade 12 who is eligible—

(1) to be counted under section 2711(c)<sup>1</sup> of this title;

(2) for free or reduced price meals pursuant to the National School Lunch Act [42 U.S.C. 1751 et seq.]; or

(3) for assistance pursuant to part A of title IV of the Social Security Act [42 U.S.C. 601 et seq.] (Aid to Families with Dependent Children).

(Pub. L. 89-329, title IV, § 404C, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 493; amended Pub. L. 103-208, § 2(b)(15)–(17), Dec. 20, 1993, 107 Stat. 2459.)

### REFERENCES IN TEXT

Section 2711(c) of this title, referred to in subsec. (c)(1), was in the original “section 1005(c) of the Elementary and Secondary Education Act of 1965”, Pub. L. 89-10, and was omitted in the general amendment of that Act by Pub. L. 103-382, title I, § 101, Oct. 20, 1994, 108 Stat. 3519.

The National School Lunch Act, referred to in subsec. (c)(2), is act June 4, 1946, ch. 281, 60 Stat. 230, as amended, which is classified generally to chapter 13 (§ 1751 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 1751 of Title 42 and Tables.

The Social Security Act, referred to in subsec. (c)(3), is act Aug. 14, 1935, ch. 531, 49 Stat. 620, as amended. Part A of title IV of the Act is classified generally to part A (§ 601 et seq.) of subchapter IV of chapter 7 of Title 42. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

### AMENDMENTS

1993—Subsec. (b)(3)(A). Pub. L. 103-208, § 2(b)(15), substituted “grade 12” for “grades 12”.

Subsec. (b)(3)(D)(i), (ii). Pub. L. 103-208, § 2(b)(16), (17), made technical amendments to references to section 1070a-14 of this title to correct references to corresponding section of original act.

### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L.

102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-22, 1070a-24 of this title.

## § 1070a-24. Scholarship component

### (a) In general

In order to receive payments under section 1070a-22(d) of this title, a State shall establish or maintain a financial assistance program that awards grants to students in accordance with the requirements of this section. The Secretary shall encourage the State to ensure that the tuition assistance provided pursuant to this section is available to an eligible student for use at any eligible institution.

### (b) Grant amounts

The maximum amount of the grant that an eligible student in any participating State shall be eligible to receive under this section shall be established by the State. The minimum amount of the grant for each fiscal year shall not be less than the lesser of—

(1) 75 percent of the average cost of attendance for an in-State student, in a 4-year program of instruction, at public institutions of higher education in such State, as determined in accordance with regulations prescribed by the Secretary; or

(2) the maximum grant funded under section 1070a of this title for such fiscal year.

### (c) Relation to other assistance

Tuition assistance provided under this division shall not be considered for the purpose of awarding Federal grant assistance under this subchapter and part C of subchapter I of chapter 34 of title 42, except that in no case shall the total amount of student financial assistance awarded to a student under this subchapter and part C of subchapter I of chapter 34 of title 42 exceed such student's total cost of attendance.

### (d) Eligible students

A student eligible for assistance under this division is a student who—

(1) is less than 22 years old at time of first grant award;

(2) receives a high school diploma or a certificate of high school equivalence on or after January 1, 1993;

(3) is enrolled or accepted for enrollment in a program of undergraduate instruction at an institution of higher education that is located within the State's boundaries; except that, as a State option, a State may offer grant program portability for recipients who attend institutions of higher education outside such State; and

(4) who participated in the State early intervention component required under section 1070a-23 of this title.

### (e) Priority; waiver

(1) The Secretary shall ensure that each State place a priority on awarding scholarships to students who will receive a Pell Grant for the academic year for which the award is being made under this division.

<sup>1</sup> See References in Text note below.



(2) A State may consider students who have successfully participated in programs funded under division 1 of this subpart to have met the requirements of subsection (d)(4) of this section. (Pub. L. 89-329, title IV, § 404D, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 495; amended Pub. L. 103-208, § 2(b)(18), (19), Dec. 20, 1993, 107 Stat. 2459.)

#### AMENDMENTS

1993—Subsec. (d)(3). Pub. L. 103-208, § 2(b)(18), substituted “program of undergraduate instruction” for “program of instruction”.

Subsec. (d)(4). Pub. L. 103-208, § 2(b)(19), struck out “the” before “participated”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-22 of this title.

### § 1070a-25. Distribution of funds

#### (a) Competitive awards

If the amount appropriated to carry out this division for a fiscal year is less than \$50,000,000, then the Secretary shall award grants under this division on a competitive basis to States to carry out a program described in section 1070a-21 of this title.

#### (b) Allotment based on allocations under section 2711

If the amount appropriated to carry out this division for a fiscal year is \$50,000,000 or more, then the Secretary shall allot to each State an amount which bears the same ratio to such sums as—

(1) the amount allocated under section 2711<sup>1</sup> of this title to the local education agencies in the State,

bears to—

(2) the total amount allocated under such section to all such agencies in all States.

#### (c) Limit on use

No State may use less than 25 percent or more than 50 percent of its allotment for the early intervention component of the State program, except that the Secretary may waive the 50 percent limitation if the State demonstrates that the State has another means of providing the student's financial assistance that is described in the State plan.

#### (d) Reallotment

The amount of any State's allotment under subsection (b) of this section for any fiscal year which the Secretary determines will not be required for such fiscal year for the program of that State shall be available for reallotment from time to time, on such dates during such year as the Secretary may fix, to other States in proportion to the original allotments to such States for such year, but with such propor-

tionate amount for any of such States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use for such year for carrying out such programs. The total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. A State shall match, in accordance with section 1070a-22(b) of this title any reallocated funds it receives under this subsection.

#### (e) Allotment subject to continuing compliance

The Secretary shall make payments for programs only to States which continue to meet the requirements of the State plan pursuant to section 1070a-22 of this title.

(Pub. L. 89-329, title IV, § 404E, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 495; amended Pub. L. 103-208, § 2(b)(20), Dec. 20, 1993, 107 Stat. 2459.)

#### REFERENCES IN TEXT

Section 2711 of this title, referred to in subsec. (b)(1), was in the original “section 1005 of the Elementary and Secondary Education Act of 1965”, Pub. L. 89-10, and was omitted in the general amendment of that Act by Pub. L. 103-382, title I, § 101, Oct. 20, 1994, 108 Stat. 3519.

#### AMENDMENTS

1993—Subsec. (c). Pub. L. 103-208 substituted “financial” for “tuition”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-22 of this title.

### § 1070a-26. Evaluation and report

#### (a) Evaluation

Each State receiving an allotment under this division shall biennially evaluate the early intervention program assisted under this division in accordance with the standards described in subsection (b) of this section and shall submit to the Secretary a copy of such evaluation. The evaluation component shall permit service providers to track eligible student progress during the period such students are participating in the program assisted under this section and must be consistent with the standards developed by the Secretary pursuant to subsection (b) of this section.

#### (b) Evaluation standards

The Secretary shall prescribe standards for the evaluation described in subsection (a) of this section. Such standards shall—

(1) provide for input from States and service providers; and

(2) ensure that data protocols and procedures are consistent and uniform.

#### (c) Report

The Secretary shall biennially report to the Congress on the activities assisted under this division and the evaluations conducted pursuant to subsection (a) of this section.

<sup>1</sup> See References in Text note below.

(Pub. L. 89-329, title IV, § 404F, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 496; amended Pub. L. 103-208, § 2(b)(21), (22), Dec. 20, 1993, 107 Stat. 2459.)

#### AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208, § 2(b)(21), substituted “under this division shall biennially” for “under this section shall biannually”.

Subsec. (c). Pub. L. 103-208, § 2(b)(22), substituted “biennially” for “biannually”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### § 1070a-27. Appropriations

There is authorized to be appropriated to make grants under this division \$200,000,000 for fiscal year 1993 and such sums as may be necessary for each of the four succeeding fiscal years.

(Pub. L. 89-329, title IV, § 404G, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 496; amended Pub. L. 103-208, § 2(b)(23), Dec. 20, 1993, 107 Stat. 2459; Pub. L. 103-382, title III, § 354, Oct. 20, 1994, 108 Stat. 3967.)

#### AMENDMENTS

1994—Pub. L. 103-382 struck out at end “For any fiscal year for which funds are authorized to be appropriated to carry out subpart 4 of part A of this subchapter, no amount may be expended to carry out the provisions of this division unless the amount appropriated for such fiscal year to carry out such subpart 4 exceed \$60,000,000.”

1993—Pub. L. 103-208 substituted “to be appropriated” for “an appropriation” and amended second sentence generally. Prior to amendment, second sentence read as follows: “No amount may be expended to carry out the provisions of this division unless the amount appropriated for such fiscal year to carry out subpart 4 of part A of this subchapter exceeds \$60,000,000.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### Division 3—Presidential Access Scholarships

### § 1070a-31. Scholarships authorized

The Secretary is authorized in accordance with this division to award Presidential Access Scholarships to students who—

- (1) are eligible to receive a Pell Grant for the year in which the scholarship is awarded;
- (2) have participated in a preparatory program for postsecondary education; and
- (3) demonstrate academic achievement.

(Pub. L. 89-329, title IV, § 406A, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 497.)

### § 1070a-32. Scholarship program requirements

#### (a) Amount of award

##### (1) In general

Except as provided in paragraph (2), the amount of a scholarship awarded under this di-

vision for any academic year shall be equal to 25 percent of the Pell Grant that the recipient is awarded for that year or \$400, whichever is greater.

#### (2) Adjustment for insufficient appropriations

If, after the Secretary determines the total number of eligible applicants for an academic year in accordance with section 1070a-33 of this title, funds available in a fiscal year are insufficient to fully fund all awards for that academic year under this division, the amount paid to each student shall be reduced proportionately.

#### (b) Period of award

Scholarships under this division shall be awarded for a period of not more than four academic years, or in the case of a student who is enrolled in an undergraduate course of study that requires attendance for the full-time equivalent of five academic years, five academic years.

#### (c) Use at any institution permitted

An eligible student awarded a scholarship under this division may use such scholarship stipend to attend any institution of higher education.

#### (d) Assistance not to exceed cost of attendance

A scholarship awarded under this division to any student, in combination with the Pell Grant and other student financial assistance available to such student, may not exceed the student's cost of attendance (as defined in section 108711 of this title).

#### (e) Presidential Access Scholars

Students awarded scholarships under this division shall be known as “Presidential Access Scholars”.

(Pub. L. 89-329, title IV, § 406B, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 497.)

### § 1070a-33. Eligibility of scholars

#### (a) Requirements for students in first year of postsecondary education

In order for a student who will be attending the student's first year of postsecondary education to be eligible to receive a scholarship under this division for that academic year, the student shall—

- (1) be enrolled or accepted for enrollment in a degree or certificate program of at least 2 years in length;
- (2) have demonstrated academic achievement and preparation for postsecondary education by taking college preparatory level coursework in the following areas while in secondary school or the equivalent:

- (A) 4 years of English;
- (B) 3 years of science;
- (C) 3 years of mathematics;
- (D) either—
  - (i) 3 years of history; or
  - (ii) 2 years of history and 1 year of social studies; and
- (E) either—
  - (i) 2 years of a foreign language; or

(ii) 1 year of computer science and 1 year of a foreign language.

(3) earn a grade point average of 2.5 or higher, on a scale of 4.0, in the final 2 years of high school; and

(4) either—

(A) have participated, for a minimum period of 36 months, in an early intervention program that meets the requirements of section 1070a-34 of this title; or

(B) rank, or have ranked, in the top 10 percent, by grade point average, of the student's secondary school graduating class.

**(b) Requirements for all students**

(1) Each eligible student desiring a scholarship under this division shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

(2) In order for a student who will be attending a year of postsecondary education, other than the student's first year, to continue to be eligible to receive a scholarship under this division for that academic year the eligible student shall maintain eligibility to receive a Pell Grant, including fulfilling the requirements for satisfactory academic progress as described in section 1091(c) of this title.

(Pub. L. 89-329, title IV, § 406C, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 497.)

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1070a-32, 1070a-34, 1070a-35, 1070a-36 of this title.

**§ 1070a-34. Eligible early intervention programs**

**(a) Participation in trio programs and national early intervention scholarship and partnership programs**

Participation in a program authorized under section 1070a-12, 1070a-13, or 1070a-16 of this title, or division 2 of subpart 2 of this part for a 36-month period shall meet the requirement of section 1070a-33(a)(4)(A) of this title.

**(b) Other eligible early intervention program**

Participation in another early intervention program, regardless of sponsorship, for a 36-month period, shall meet the requirements of section 1070a-33(a)(4)(A) of this title if the program—

(1) meets the requirements established by the Secretary; and

(2) is certified by the Governor as an honors scholars program.

(Pub. L. 89-329, title IV, § 406D, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 498.)

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1070a-33 of this title.

**§ 1070a-35. Student eligibility**

**(a) Student eligibility**

For the purpose of this division, the term “eligible student” means an individual who—

(1) is a graduate of a public or private secondary school or has the equivalent certificate of graduation as recognized by the State in which the eligible student resides;

(2) not later than 3 years after such individual graduates or obtains an equivalent certificate, has been admitted for enrollment or is enrolled at an institution of higher education; and

(3) is eligible to receive a Pell Grant for the year in which the scholarship is awarded.

**(b) Limitation**

For the purpose of this division, the term “eligible student” does not include an individual who has been awarded a baccalaureate degree.

**(c) Waivers**

**(1) Early intervention program participation**

The Secretary may waive the requirement described in section 1070a-33(a)(4) of this title for any student who was unable to participate in an early intervention program assisted under this part because such program was not available in the area in which such student resides or the student was unable to participate in an early intervention program where the student resides.

**(2) Limited-English proficient students**

The Secretary may waive the requirement described in section 1070a-33(a)(2)(E) of this title for any limited-English proficient student who is fluent in a language other than English and is participating in a program to teach such student the English language or for any English speaking student fluent in a second language.

(Pub. L. 89-329, title IV, § 406E, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 498.)

**§ 1070a-36. Early intervention scholarship agreement**

**(a) In general**

In order for a student to receive a scholarship under this division, the State educational agency serving the State in which such child resides shall have entered into an agreement with the Secretary.

**(b) Contents**

Each agreement described in subsection (a) of this section shall include provisions designed to ensure that—

(1) all secondary school students in the State have equal and easy access to the coursework described in section 1070a-33(a)(2) of this title;

(2) the State educational agency has procedures in place to verify to the Secretary that students receiving scholarships under this division have taken such coursework and that such coursework has been of a college preparatory level, including a requirement that all secondary schools in the State issue a certificate to each eligible student certifying that such student has completed the necessary coursework to qualify for a scholarship under this division;

(3) the State educational agency has procedures in place to notify institutions of higher

education of the availability of scholarships under this division, so that such institutions may award additional scholarships in concert with the scholarships received under this division; and

(4) the State educational agency has procedures in place to inform junior high school students and their families about the value of postsecondary education, the availability of student aid to meet college expenses, and the availability of scholarships under this division for students who take demanding courses, with particular emphasis on activities designed to ensure that students from low- and moderate-income families have access to such information.

### (c) Special rule

The Secretary may allow a State to receive assistance under this division for students whose secondary schools do not offer the necessary coursework if such students take the required courses at another local secondary school or community college.

(Pub. L. 89-329, title IV, § 406F, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 499.)

### § 1070a-37. Authorization of appropriations

There are authorized to be appropriated \$200,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this division. No amount may be expended to carry out the provisions of this division in any fiscal year unless the amount appropriated for such fiscal year to carry out subpart 1 of part A of this subchapter exceeds the amount appropriated to carry out such subpart in the preceding fiscal year.

(Pub. L. 89-329, title IV, § 406G, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 499.)

Division 4—Model Program Community Partnership and Counseling Grants

### § 1070a-41. Model program grants

#### (a) Program authority

From the amounts appropriated under section 1070a-43 of this title, the Secretary shall award grants to develop model programs—

(1) to counsel students, at an early age, about college opportunities, precollege requirements, the college admissions procedure, financial aid opportunities, and student support services that are specially designed or customized for use in specific geographic, social, and cultural environments; or

(2) which stimulate community partnerships with schools by providing tutoring, mentoring, work experiences, and other services which support making postsecondary education a realistic goal for all students.

#### (b) Priorities in selection

The Secretary shall give priority to those model programs which are directed at areas which have a high proportion of minority, limited English proficiency, economically disadvan-

tagged, disabled, nontraditional, or at-risk students and those model programs which serve these students from rural or urban environments.

### (c) Proposal requirements

#### (1) Tailoring

To receive a grant under subsection (a)(1) of this section, the proposal submitted to the Secretary shall demonstrate that the counseling on college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities (including early intervention counseling), is tailored to a specific geographic, social or cultural environment.

#### (2) Community partnerships

To receive a grant under subsection (a)(2) of this section, the proposal submitted to the Secretary shall demonstrate the active involvement of a local educational agency and at least one of the following:

- (A) Local businesses.
- (B) Labor organizations.
- (C) Community groups.

#### (3) Goals and outcomes

To receive a grant under this section, each proposal shall contain a statement of specific, measurable goals and methods for obtaining statistics on the number of participants who continue on to postsecondary education.

(Pub. L. 89-329, title IV, § 408A, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 500.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-42 of this title.

### § 1070a-42. Diffusion activities

#### (a) Collection of information

The Secretary shall collect information concerning—

(1) programs supported under section 1070a-41 of this title and programs of demonstrated effectiveness which counsel students about college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities;

(2) early intervention programs of demonstrated effectiveness which set students on the path toward staying in school and pursuing a postsecondary education;

(3) model programs which counsel students in specific environments, such as urban, rural, and suburban; and

(4) model programs which develop school/community partnerships to provide mentoring, tutoring, work experiences and other services which support making postsecondary education a realistic goal for all students.

#### (b) Dissemination

The Secretary shall ensure that the information collected under subsection (a) of this section is disseminated.

(Pub. L. 89-329, title IV, § 408B, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 500.)

**§ 1070a-43. Authorization of appropriations**

There are authorized to be appropriated \$35,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this division.

(Pub. L. 89-329, title IV, § 408C, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 501.)

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-41 of this title.

## Division 5—Public Information

**§ 1070a-51. Database and information line**

From the funds available under section 1070a-53 of this title, the Secretary shall award a contract to establish and maintain—

(1) a computerized database of all public and private student financial assistance programs, to be accessible to schools and libraries through either modems or toll-free telephone lines; and

(2) a toll-free information line, including access by telecommunications devices for the deaf (“TDD’s”), to provide individualized financial assistance information to parents, students, and other individuals, including individuals with disabilities, and to refer students with disabilities and their families to the post-secondary clearinghouse that is authorized under section 1433(c) of this title.

(Pub. L. 89-329, title IV, § 409A, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 501; amended Pub. L. 103-208, § 2(b)(24), Dec. 20, 1993, 107 Stat. 2459.)

## AMENDMENTS

1993—Par. (1). Pub. L. 103-208 substituted “private student financial” for “private financial”.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**§ 1070a-52. Early awareness information program****(a) Program authority**

The Secretary is authorized to enter into contracts with appropriate public agencies, non-profit private organizations, and institutions of higher education to conduct an information program designed—

(1) to broaden the early awareness of post-secondary educational opportunities by secondary school students and their parents; and

(2) to encourage economically disadvantaged, minority, or at-risk individuals to seek higher education, and to seek higher education and financial assistance counseling at public schools and libraries.

**(b) Contents of messages**

Announcements and messages supported under this section—

(1) may be specially designed for students of limited English proficiency,

(2) shall publicize—

(A) the availability of Federal student assistance under this chapter;

(B) the importance of postsecondary education in long-term career planning; and

(C) the need and necessity to complete a secondary education program successfully in order to meet the requirements for college.

**(c) Informing Congress**

The Secretary shall keep the appropriate committees of the Congress informed with respect to the efforts made pursuant to this section and shall recommend any additional legislative authority that will serve the purposes of this section.

(Pub. L. 89-329, title IV, § 409B, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 501.)

## REFERENCES IN TEXT

This chapter, referred to in subsec. (b)(2)(A), was in the original “this Act”, meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-51 of this title.

**§ 1070a-53. Authorization of appropriations**

There are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this division.

(Pub. L. 89-329, title IV, § 409C, as added Pub. L. 102-325, title IV, § 402(a)(4), July 23, 1992, 106 Stat. 502.)

## Division 6—National Student Savings Demonstration Program

**§ 1070a-61. National student savings demonstration program****(a) Statement of purpose**

It is the purpose of this section to—

(1) create a demonstration program to test the feasibility of establishing a national student savings program to encourage families to save for their children’s college education and thereby reduce the loan indebtedness of college students; and

(2) help determine the most effective means of achieving the activities described in paragraph (1).

**(b) Demonstration program authorized****(1) In general**

The Secretary is authorized to award a demonstration grant to not more than 5 States to enable each such State to conduct a student savings program in accordance with this section.

**(2) Amount of grant**

The amount of each grant awarded pursuant to paragraph (1) shall be computed on the basis of—

(A) a Federal match in an amount equal to the initial State deposit into each account

established pursuant to subsection (c)(2)(B) of this section, except that such Federal match shall not exceed \$50 per child; multiplied by

(B) the number of children participating in the program assisted under this part.

### **(3) Priority**

In awarding grants under this section the Secretary shall give priority to States proposing programs that establish accounts for a child prior to the age of compulsory school attendance in the State in which such child resides.

### **(4) Special consideration**

In awarding grants under this section the Secretary shall give special consideration to States—

(A) that permit employers to use pretax income in making contributions to a child's account; and

(B) that provide assurances that interest earned in accounts shall be exempt from State taxes.

## **(c) Application**

### **(1) In general**

Each State desiring a grant under this section shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

### **(2) Contents**

Each application submitted pursuant to paragraph (1) shall—

(A) describe the student savings program to be established and the number of children to be served;

(B) contain assurances that an account shall be established for each child participating in the program assisted under this section and set forth the initial amount to be deposited into each such account by the State;

(C) contain assurances that deposits into such account shall be invested in a responsible manner that provides a reasonable rate of return;

(D) contain assurances that funds in the account shall only be used to pay the cost of attendance (as such term is defined in section 1087*ll* of this title) at any eligible institution (as such term is defined in section 1088 of this title);

(E) describe the amount of the Federal contribution requested for starting each child's account, which shall not exceed \$50 per child participating in the program;

(F) describe the age at which children in the State may establish such accounts;

(G) indicate whether the program will be open to all children, regardless of family income, or only to disadvantaged children;

(H) describe how additional deposits into each account from the State or other resources will be earned by a child for performance of community service, academic performance, or other activities or achievements;

(I) contain assurances that contributions in an account shall be refundable to the con-

tributor without interest if the child is unable to attend college;

(J) contain assurances that the State shall encourage individuals and organizations to make contributions to a child's account;

(K) contain assurances that the State shall provide incentives to employers to make contributions to a child's account and participate in the program assisted under this section; and

(L) contain assurances that if a child leaves the State in which such child has an account, then such child shall retain the right to make contributions to the account, except that the State shall not be required to make any additional deposits other than interest.

### **(d) Authorization of appropriations**

There are authorized to be appropriated \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

(Pub. L. 89-329, title IV, §410A, as added Pub. L. 102-325, title IV, §402(a)(4), July 23, 1992, 106 Stat. 502.)

## **Division 7—Preeligibility Form**

### **§ 1070a-71. Information on eligibility for assistance**

To help ensure access to postsecondary education by providing early notice to students of their potential eligibility for financial aid, the Secretary, as part of the contracts developed pursuant to section 1090 of this title, may—

(1) develop and process a common preeligibility Federal financial aid form,

(2) distribute and process such form on a year-round basis free of charge to students and parents, and

(3) issue, on the basis of information reported by the student on such form, a preeligibility expected family contribution figure and estimate of the amount of Federal (and, if feasible, non-Federal) funds for which the student might qualify in later completing and submitting the application form called for under section 1090 of this title.

The Secretary shall widely disseminate the preeligibility form through post offices and other appropriate Federal installations, schools, institutions of higher education, libraries, and community-based agencies, including projects assisted under this subpart and subpart 5 of this part.

(Pub. L. 89-329, title IV, §410B, as added Pub. L. 102-325, title IV, §402(a)(4), July 23, 1992, 106 Stat. 503.)

## **Division 8—Technical Assistance for Teachers and Counselors**

### **§ 1070a-81. Technical assistance grants**

#### **(a) Program authority**

From the amounts appropriated under subsection (f) of this section, the Secretary shall award grants to local educational agencies to use for the purpose of obtaining specialized

training for guidance counselors, teachers, and principals to counsel students about college opportunities, precollege requirements, the college admissions procedure, and financial aid opportunities.

**(b) Selection of grant recipients**

**(1) Priority**

In making grants under this section, the Secretary shall give priority to those local educational agencies serving school districts (A) from which the proportion of students who continue on to higher education is significantly below the national average, and (B) in which the proportion of students who are educationally disadvantaged is significantly above the national average.

**(2) Selection procedures**

The Secretary shall develop a formal procedure for the submission of proposals and publish in the Federal Register an announcement with respect to that procedure and the availability of funds.

**(c) Local plan**

To receive a grant under this section, a local educational agency shall submit to the Secretary a plan that—

- (1) specifies the methods to be used for outreach, implementation, and follow-up with those students most in need and at-risk for dropping out or failing to pursue postsecondary education;
- (2) demonstrates the methods by which the agency will target funds to those schools within the district that have the lowest rate of students who continue on to higher education;
- (3) utilizes early intervention programs for counseling minority, economically disadvantaged, disabled, and at-risk students about postsecondary education;
- (4) includes a strategy for keeping the guidance counselors, teachers (including elementary, secondary, vocational, and special education teachers), and principals who have been trained up-to-date on financial aid information;
- (5) contains a statement of specific goals and methods for obtaining statistics on the number of participants who continue on to postsecondary education; and
- (6) contains a description of the costs of the training and other activities to be undertaken.

**(d) Duration of grants**

Grants under this section shall be available for 2 years.

**(e) Evaluation**

**(1) Conduct of evaluations**

The Secretary shall reserve not more than 2 percent of any amount appropriated under subsection (f) of this section for the purpose of carrying out an independent evaluation of the effectiveness of the training programs assisted under this section in—

- (A) increasing the number of personnel in a school who regularly counsel students regarding college opportunities, precollege requirements, the college admission procedure, and financial aid opportunities; and

- (B) increasing the number of students who continue on to postsecondary education from a school which has had personnel trained using monies from this section.

**(2) Report**

The Secretary shall submit to the appropriate committees of the Congress a report which contains the findings of the evaluation required by paragraph (1).

**(f) Technical assistance grants**

There are authorized to be appropriated \$40,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

(Pub. L. 89-329, title IV, §410C, as added Pub. L. 102-325, title IV, §402(a)(4), July 23, 1992, 106 Stat. 504.)

SUBPART 3—FEDERAL SUPPLEMENTAL  
EDUCATIONAL OPPORTUNITY GRANTS

CODIFICATION

Pub. L. 102-325, title IV, §§402(a)(2), 403(a), July 23, 1992, 106 Stat. 482, 505, redesignated subpart 2 as 3 and inserted “Federal” before “Supplemental” in heading and redesignated former subpart 3 as 4.

SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in sections 1070, 1070a, 1078, 1087c, 1089, 1091, 1092, 1096, 1099a-1, 1099a-3 of this title.

**§ 1070b. Purpose; appropriations authorized**

**(a) Purpose of subpart**

It is the purpose of this subpart to provide, through institutions of higher education, supplemental grants to assist in making available the benefits of postsecondary education to qualified students who demonstrate financial need in accordance with the provisions of part E of this subchapter.

**(b) Authorization of appropriations**

(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 1070b-2(a) of this title, for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated \$675,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years.

(2) Sums appropriated pursuant to this subsection for any fiscal year shall be available for payments to institutions until the end of the second fiscal year succeeding the fiscal year for which such sums were appropriated.

(Pub. L. 89-329, title IV, §413A, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1328; amended Pub. L. 102-325, title IV, §403(b), July 23, 1992, 106 Stat. 505.)

PRIOR PROVISIONS

A prior section 1070b, Pub. L. 89-329, title IV, §413A, as added Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 251; amended Pub. L. 94-482, title I, §122(a), Oct. 12, 1976, 90 Stat. 2094; Pub. L. 96-49, §5(a)(3), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title IV, §403(a), (b), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1404, 1405,

1503, related to program of supplemental educational opportunity grants purpose, authorization of appropriations, and initial year payment provisions, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1992—Subsec. (b). Pub. L. 102-325 amended subsec. (b) generally, substituting present provisions for provisions authorizing appropriation of \$490,000,000 for fiscal year 1987 and such sums as necessary for 4 succeeding fiscal years.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070b-3 of this title.

### § 1070b-1. Amount and duration of grants

#### (a) Amount of grant

(1) Except as provided in paragraph (3), from the funds received by it for such purpose under this subpart, an institution which awards a supplemental grant to a student for an academic year under this subpart shall, for each year, pay to that student an amount not to exceed the lesser of (A) the amount determined by the institution, in accordance with the provisions of part E of this subchapter, to be needed by that student to enable the student to pursue a course of study at the institution or in a program of study abroad that is approved for credit by the institution at which the student is enrolled, or (B) \$4,000.

(2) If the amount determined under paragraph (1) with respect to a student for any academic year is less than \$100, no payment shall be made to that student for that year. For a student enrolled for less than a full academic year, the minimum payment required shall be reduced proportionately.

(3) For students participating in study abroad programs, the institution shall consider all reasonable costs associated with such study abroad when determining student eligibility. The amount of grant to be awarded in such cases may exceed the maximum amount of \$4,000 by as much as \$400 if reasonable study abroad costs exceed the cost of attendance at the home institution.

#### (b) Period for receipt of grants; continuing eligibility

(1) The period during which a student may receive supplemental grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student.

(2) A supplemental grant awarded under this subpart shall entitle the student (to whom it is awarded) to payments pursuant to such grant only if the student meets the requirements of section 1091 of this title, except as provided in section 1070b-2(c) of this title.

#### (c) Distribution of grant during academic year

Nothing in this section shall be construed to prohibit an institution from making payments of varying amounts from a supplemental grant to a student during an academic year to cover costs for a period which are not applicable to other periods of such academic year.

(Pub. L. 89-329, title IV, § 413B, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat.

1328; amended Pub. L. 102-325, title IV, § 403(c), July 23, 1992, 106 Stat. 505.)

#### PRIOR PROVISIONS

A prior section 1070b-1, Pub. L. 89-329, title IV, § 413B, as added Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 252; amended Pub. L. 96-374, title IV, § 403(c), Oct. 3, 1980, 94 Stat. 1405, related to amount and duration of supplemental educational opportunity grants, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1992—Subsec. (a)(1). Pub. L. 102-325, § 403(c)(1), substituted “Except as provided in paragraph (3), from” for “From” in introductory provisions and inserted “or in a program of study abroad that is approved for credit by the institution at which the student is enrolled” after “course of study at the institution” in subpar. (A).

Subsec. (a)(3). Pub. L. 102-325, § 403(c)(2), added par. (3).

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070b-2 of this title.

### § 1070b-2. Agreements with institutions; selection of recipients

#### (a) Institutional eligibility

Assistance may be made available under this subpart only to an institution which—

(1) has, in accordance with section 1094 of this title, an agreement with the Secretary applicable to this subpart;

(2) agrees that the Federal share of awards under this subpart will not exceed 75 percent of such awards, except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required to further the purpose of this subpart; and

(3) agrees that the non-Federal share of awards made under this subpart shall be made from the institution's own resources, including—

- (A) institutional grants and scholarships;
- (B) tuition or fee waivers;
- (C) State scholarships; and
- (D) foundation or other charitable organization funds.

#### (b) Eligibility for selection

Awards may be made under this subpart only to a student who—

(1) is an eligible student under section 1091 of this title; and

(2) makes application at a time and in a manner consistent with the requirements of the Secretary and that institution.

#### (c) Selection of individuals and determination of amount of awards

(1) From among individuals who are eligible for supplemental grants for each fiscal year, the institution shall, in accordance with the agreement under section 1094 of this title, and within the amount allocated to the institution for that purpose for that year under section 1070b-3 of this title, select individuals who are to be awarded such grants and determine, in accordance with section 1070b-1 of this title, the amounts to be paid to them.



(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 1094 of this title, assure that the selection procedures—

(i) will be designed to award supplemental grants under this subpart, first, to students with exceptional need, and

(ii) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 1091 of this title.

(B) For the purpose of subparagraph (A), the term “students with exceptional need” means students with the lowest expected family contributions at the institution.

**(d) Use of funds for less-than-full-time students**

If the institution’s allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution less than full time and if the total financial need of all such students attending the institution exceeds 5 percent of the total financial need of all students attending such institution, then at least 5 percent of such allotment shall be made available to such students.

**(e) Use and transfer of funds for administrative expenses**

An agreement entered into pursuant to this section shall provide that funds granted to an institution of higher education may be used only to make payments to students participating in a grant program authorized under this subpart, except that an institution may use a portion of the sums allocated to it under this subpart to meet administrative expenses in accordance with section 1096 of this title.

(Pub. L. 89-329, title IV, §413C, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1329; amended Pub. L. 102-325, title IV, §403(d)-(f), July 23, 1992, 106 Stat. 506; Pub. L. 103-208, §2(b)(25), Dec. 20, 1993, 107 Stat. 2459.)

**PRIOR PROVISIONS**

A prior section 1070b-2, Pub. L. 89-329, title IV, §413C, as added Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 253; amended Pub. L. 94-482, title I, §122(b), Oct. 12, 1976, 90 Stat. 2094; Pub. L. 96-374, title IV, §403(d), Oct. 3, 1980, 94 Stat. 1405, related to selection of recipients of supplemental educational opportunity grants and agreements with institutions, prior to the general revision of this part by Pub. L. 99-498.

**AMENDMENTS**

1993—Subsec. (d). Pub. L. 103-208 substituted “and” for “, a reasonable proportion of the institution’s allocation shall be made available to such students, except that” and “5 percent of the total financial need” for “5 percent of the need”.

1992—Subsec. (a)(2). Pub. L. 102-325, §403(d), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “agrees that the Federal share of awards under this subpart will not exceed—

“(A) 95 percent of such awards in fiscal year 1989,

“(B) 90 percent of such awards in fiscal year 1990, and

“(C) 85 percent of such awards in fiscal year 1991, except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that

a larger Federal share is required to further the purpose of this subpart; and”.

Subsec. (d). Pub. L. 102-325, §403(e), inserted “who are independent students or” after “demonstrated by students” and inserted before period at end “, except that if the total financial need of all such students attending the institution exceeds 5 percent of the need of all students attending such institution, then at least 5 percent of such allotment shall be made available to such students”.

Subsec. (e). Pub. L. 102-325, §403(f), struck out before period at end “, and may transfer such funds in accordance with the provisions of section 1095 of this title”.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective on and after July 1, 1994, see section 5(b)(6) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective July 23, 1992, except that changes in subsec. (a)(2) of this section, relating to Federal share for supplemental educational opportunity grant program, applicable to funds provided for such program for award years beginning on or after July 1, 1993, see section 410 of Pub. L. 102-325, set out as a note under section 1070a of this title.

**EFFECTIVE DATE**

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Section 401(b)(5) of Pub. L. 99-498 provided that: “Section 413C(c)(2) of the Act [20 U.S.C. 1070b-2(c)(2)] as amended by this section shall apply to the awarding of grants under subpart 2 of part A of title IV of the Act [this subpart] for periods of enrollment beginning on or after July 1, 1987.”

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1070b, 1070b-1 of this title.

**§ 1070b-3. Allocation of funds**

**(a) Allocation based on previous allocation**

(1) From the amount appropriated pursuant to section 1070b(b) of this title for each fiscal year, the Secretary shall first allocate to each eligible institution an amount equal to 100 percent of the amount such institution received and used under this subpart for fiscal year 1985.

(2)(A) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this subpart after fiscal year 1985 but is not a first or second time participant, an amount equal to the greater of—

(i) \$5,000; or

(ii) 90 percent of the amount received and used under this subpart for the first year it participated in the program.

(B) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this subpart after fiscal year 1985 and is a first or second time participant, an amount equal to the greatest of—

(i) \$5,000;

(ii) an amount equal to (I) 90 percent of the amount received and used under this subpart in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (II) the number of students enrolled at such comparable institutions

in such fiscal year, multiplied by (III) the number of students enrolled at the applicant institution in such fiscal year; or

(iii) 90 percent of the institution's allocation under this part for the preceding fiscal year.

(C) Notwithstanding subparagraphs (A) and (B) of this paragraph, the Secretary shall allocate to each eligible institution which—

(i) was a first-time participant in the program in fiscal year 1986 or any subsequent fiscal year, and

(ii) received a larger amount under this subsection in the second year of participation,

an amount equal to 90 percent of the amount it received under this subsection in its second year of participation.

(3)(A) If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under paragraph (1) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

(B) If the amount appropriated for any fiscal year is more than the amount required to be allocated to all institutions under paragraph (1) but less than the amount required to be allocated to all institutions under paragraph (2), then—

(i) the Secretary shall allot the amount required to be allocated to all institutions under paragraph (1), and

(ii) the amount of the allocation to each institution under paragraph (2) shall be ratably reduced.

(C) If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

(4)(A) Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds \$700,000,000 among eligible institutions described in subparagraph (B).

(B) In order to receive an allocation pursuant to subparagraph (A) an institution shall be an eligible institution from which 50 percent or more of the Pell Grant recipients attending such eligible institution graduate from or transfer to a 4-year institution of higher education.

#### **(b) Allocation of excess based on pro rata share**

From one-quarter of the remainder of the amount appropriated pursuant to section 1070b(b) of this title for any fiscal year (after making the allocations required by subsection (a) of this section), the Secretary shall allocate to each eligible institution an amount which bears the same ratio to such one-quarter as the amount the eligible institution receives for such fiscal year under subsection (a) of this section bears to the amount all such institutions receive under such subsection (a) of this section.

#### **(c) Allocation of excess based on fair share**

(1) From three-quarters of the remainder of the amount appropriated pursuant to section

1070b(b) of this title for each year (after making the allocations required by subsection (a) of this section), the Secretary shall allocate to each eligible institution which has an excess eligible amount an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

(2) For any eligible institution, the excess eligible amount is the amount, if any, by which—

(A)(i) the amount of that institution's need (as determined under subsection (d) of this section), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 1070b(b) of this title of the fiscal year; exceeds

(B) the amount required to be allocated to that institution under subsection (a) of this section.

#### **(d) Determination of institution's need**

(1) The amount of an institution's need is equal to—

(A) the sum of the need of the institution's eligible undergraduate students; minus

(B) the sum of grant aid received by students under subparts 1 and 3<sup>1</sup> of this part.

(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

(A) establish various income categories for dependent and independent undergraduate students;

(B) establish an expected family contribution for each income category of dependent and independent undergraduate students, determined on the basis of the average expected family contribution (computed in accordance with part E of this subchapter) of a representative sample within each income category for the second preceding fiscal year;

(C) compute 75 percent of the average cost of attendance for all undergraduate students;

(D) multiply the number of eligible dependent students in each income category by 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C), minus the expected family contribution determined under subparagraph (B) for that income category, except that the amount computed by such subtraction shall not be less than zero;

(E) add the amounts determined under subparagraph (D) for each income category of dependent students;

(F) multiply the number of eligible independent students in each income category by 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C), minus the expected family contribution determined under subparagraph (B) for that income category, except that the amount computed by such subtraction shall not be less than zero;

(G) add the amounts determined under subparagraph (F) for each income category of independent students; and

<sup>1</sup> See References in Text note below.

(H) add the amounts determined under subparagraphs (E) and (G).

(3)(A) For purposes of paragraph (2), the term “average cost of attendance” means the average of the attendance costs for undergraduate students, which shall include (i) tuition and fees determined in accordance with subparagraph (B), (ii) standard living expenses determined in accordance with subparagraph (C), and (iii) books and supplies determined in accordance with subparagraph (D).

(B) The average undergraduate tuition and fees described in subparagraph (A)(i) shall be computed on the basis of information reported by the institution to the Secretary, which shall include (i) total revenue received by the institution from undergraduate tuition and fees for the second year preceding the year for which it is applying for an allocation, and (ii) the institution’s enrollment for such second preceding year.

(C) The standard living expense described in subparagraph (A)(ii) is equal to 150 percent of the difference between the income protection allowance for a family of five with one in college and the income protection allowance for a family of six with one in college for a single independent student.

(D) The allowance for books and supplies described in subparagraph (A)(iii) is equal to \$450.

#### (e) Reallocation of excess allocations

(1) If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall, in accordance with regulations, reallocate such excess to other institutions.

(2) If under paragraph (1) of this subsection an institution returns more than 10 percent of its allocation, the institution’s allocation for the next fiscal year shall be reduced by the amount returned. The Secretary may waive this paragraph for a specific institution if the Secretary finds that enforcing this paragraph would be contrary to the interest of the program.

#### (f) Filing deadlines

The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

(Pub. L. 89-329, title IV, § 413D, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1330; amended Pub. L. 100-50, § 4, June 3, 1987, 101 Stat. 340; Pub. L. 102-325, title IV, § 403(g), (h), July 23, 1992, 106 Stat. 506; Pub. L. 103-208, § 2(b)(26), Dec. 20, 1993, 107 Stat. 2459.)

#### REFERENCES IN TEXT

Subpart 3 of this part, referred to in subsec. (d)(1)(B), was redesignated subpart 4 by Pub. L. 102-325, title IV, § 402(a)(2), July 23, 1992, 106 Stat. 482, and former subpart 2 [this subpart] was redesignated as subpart 3.

#### PRIOR PROVISIONS

A prior section 1070b-3, Pub. L. 89-329, title IV, § 413D, as added Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 254; amended Pub. L. 96-374, title IV, § 403(e), (f), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1405, 1406, 1503, related to apportionment and allocation of funds for supplemental educational opportunity grants, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (d)(3)(C). Pub. L. 103-208 substituted “150 percent of the difference between the income protection allowance for a family of five with one in college and the income protection allowance for a family of six with one in college” for “three-fourths in the Pell Grant family size offset”.

1992—Subsec. (a)(4). Pub. L. 102-325, § 403(g), added par. (4).

Subsec. (e). Pub. L. 102-325, § 403(h), designated existing provisions as par. (1) and added par. (2).

1987—Subsec. (d)(2)(D). Pub. L. 100-50, § 4(a)(1), added subpar. (D) and struck out former subpar. (D) which read as follows: “multiply the number of eligible independent students in each income category by the lesser of—

“(i) 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

“(ii) the average cost of attendance for all undergraduate students minus the expected family contribution determined under subparagraph (B) for that income category, except that the amount computed by such subtraction shall not be less than zero;”.

Subsec. (d)(2)(F). Pub. L. 100-50, § 4(a)(2), added subpar. (F) and struck out former subpar. (F) which read as follows: “multiply the number of eligible independent students in each income category by the lesser of—

“(i) 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

“(ii) the average cost of attendance for all undergraduate students minus the expected family contribution determined under subparagraph (B) for that income category, except that the amount computed by such subtraction for any income category shall not be less than zero;”.

Subsec. (d)(3)(A). Pub. L. 100-50, § 4(b)(1), struck out “and for graduate and professional students” after “undergraduate students”.

Subsec. (d)(3)(B). Pub. L. 100-50, § 4(b)(2), struck out “and graduate and professional” after “average undergraduate” and struck out “and graduate” after “from undergraduate”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section 401(b)(6) of Pub. L. 99-498, as added by Pub. L. 100-50, § 22(a)(2), June 3, 1987, 101 Stat. 361, provided that: “The changes made in section 413D of the Act [this section] shall apply with respect to the allocation of funds for the academic year 1988-1989 and succeeding academic years.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070b-2, 1089, 1095 of this title.

#### SUBPART 4—GRANTS TO STATES FOR STATE STUDENT INCENTIVES

#### CODIFICATION

Pub. L. 102-325, title IV, § 402(a)(1), (2), July 23, 1992, 106 Stat. 482, redesignated former subpart 3 as 4 and repealed former subpart 4, comprising sections 1070d to 1070d-1d, which authorized special programs for students from disadvantaged backgrounds.

## SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in sections 1070, 1070a, 1070a-23, 1087kk, 1087mm, 1087vv, 1090, 1091, 1094, 1099a, 1099a-3, 1104b, 1106f, 1111b of this title.

**§ 1070c. Purpose; appropriations authorized****(a) Purpose of subpart**

It is the purpose of this subpart to make incentive grants available to States to assist States in providing grants to—

(1) eligible students attending institutions of higher education or participating in programs of study abroad that are approved for credit by institutions of higher education at which such students are enrolled; and

(2) eligible students for campus-based community service work-study.

**(b) Authorization of appropriations; availability****(1) In general**

There are authorized to be appropriated \$105,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

**(2) Availability**

Sums appropriated pursuant to the authority of paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year succeeding the fiscal year for which such sums were appropriated.

(Pub. L. 89-329, title IV, §415A, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1332; amended Pub. L. 102-325, title IV, §404(a), July 23, 1992, 106 Stat. 506.)

## PRIOR PROVISIONS

A prior section 1070c, Pub. L. 89-329, title IV, §415A, as added Pub. L. 92-318, title I §131(b)(1), June 23, 1972, 86 Stat. 255; amended Pub. L. 94-482, title I, §123(a), (c)(1), Oct. 12, 1976, 90 Stat. 2094; Pub. L. 95-43, §1(b)(3), June 15, 1977, 91 Stat. 218; Pub. L. 96-49, §5(a)(4), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title IV, §404(a), Oct. 3, 1980, 94 Stat. 1406, related to purpose and authorization of appropriations for grants to States for State student incentives, prior to the general revision of this part by Pub. L. 99-498.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows:

“(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to the States to assist them in providing grants to eligible students attending institutions of higher education and grants to eligible students for campus-based community service work learning study.

“(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—(1) There are authorized to be appropriated \$85,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

“(2) Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year succeeding the fiscal year for which such sums were appropriated.”

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070c-1 of this title.

**§ 1070c-1. Allotment among States****(a) Allotment based on number of eligible students in attendance**

(1) From the sums appropriated pursuant to section 1070c(b)(1) of this title for any fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to such sums as the number of students who are deemed eligible in such State for participation in the grant program authorized by this subpart bears to the total number of such students in all the States, except that no State shall receive less than the State received for fiscal year 1979.

(2) For the purpose of this subsection, the number of students who are deemed eligible in a State for participation in the grant program authorized by this subpart, and the number of such students in all the States, shall be determined for the most recent year for which satisfactory data are available.

**(b) Reallotment**

The amount of any State's allotment under subsection (a) of this section for any fiscal year which the Secretary determines will not be required for such fiscal year for the State student grant incentive program of that State shall be available for reallotment from time to time, on such dates during such year as the Secretary may fix, to other States in proportion to the original allotments to such States under such part for such year, but with such proportionate amount for any of such States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use for such year for carrying out the State plan. The total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount reallotted to a State under this part during a year from funds appropriated pursuant to section 1070c(b)(1) of this title shall be deemed part of its allotment under subsection (a) of this section for such year.

**(c) Allotments subject to continuing compliance**

The Secretary shall make payments for continuing incentive grants only to States which continue to meet the requirements of section 1070c-2(b) of this title.

(Pub. L. 89-329, title IV, §415B, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1333.)

## PRIOR PROVISIONS

A prior section 1070c-1, Pub. L. 89-329, title IV, §415B, as added Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 256; amended Pub. L. 94-482, title I, §123(c)(2), Oct. 12, 1976, 90 Stat. 2094; Pub. L. 96-374, title IV, §404(b), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1407, 1503, related to allotment among States of amounts for grants to States for State student incentives, prior to the general revision of this part by Pub. L. 99-498.

**§ 1070c-2. Applications for State student incentive grant programs****(a) Submission and contents of applications**

A State which desires to obtain a payment under this subpart for any fiscal year shall submit annually an application therefor through the State agency administering its program

under this subpart as of July 1, 1985, unless the Governor of that State so designates, in writing, a different agency to administer the program. The application shall contain such information as may be required by, or pursuant to, regulation for the purpose of enabling the Secretary to make the determinations required under this subpart.

**(b) Payment of Federal share of grants made by qualified program**

From a State's allotment under this subpart for any fiscal year the Secretary is authorized to make payments to such State for paying up to 50 percent of the amount of student grants pursuant to a State program which—

(1) is administered by a single State agency;

(2) provides that such grants will be in amounts not in excess of \$5,000 per academic year (A) for attendance on a full-time basis at an institution of higher education, and (B) for campus-based community service work learning study jobs;

(3) provides that—

(A) not more than 20 percent of the allotment to the State for each fiscal year may be used for the purpose described in paragraph (2)(B);

(B) grants for the campus-based community work learning study jobs may be made only to students who are otherwise eligible for assistance under this subpart; and

(C) grants for such jobs be made in accordance with the provisions of section 2753(b)(1) of title 42;

(4) provides for the selection of recipients of such grants or of such State work-study jobs on the basis of substantial financial need determined annually on the basis of criteria established by the State and approved by the Secretary, except that for the purpose of collecting data to make such determination of financial need, no student or parent shall be charged a fee that is payable to an entity other than such State;

(5) provides that, effective with respect to any academic year beginning on or after October 1, 1978, all nonprofit institutions of higher education in the State are eligible to participate in the State program, except in any State in which participation of nonprofit institutions of higher education is in violation of the constitution of the State or in any State in which participation of nonprofit institutions of higher education is in violation of a statute of the State which was enacted prior to October 1, 1978;

(6) provides for the payment of the non-Federal portion of such grants or of such work-study jobs from funds supplied by such State which represent an additional expenditure for such year by such State for grants or work-study jobs for students attending institutions of higher education over the amount expended by such State for such grants or work-study jobs, if any, during the second fiscal year preceding the fiscal year in which such State initially received funds under this subpart;

(7) provides that if the State's allocation under this subpart is based in part on the financial need demonstrated by students who

are independent students or attending the institution less than full time, a reasonable proportion of the State's allocation shall be made available to such students;

(8) provides for State expenditures under such program of an amount not less than the average annual aggregate expenditures for the preceding three fiscal years or the average annual expenditure per full-time equivalent student for such years;

(9) provides (A) for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State agency under this subpart, and (B) for the making of such reports, in such form and containing such information, as may be reasonably necessary to enable the Secretary to perform his functions under this subpart; and

(10) for any academic year beginning after June 30, 1987, provides the non-Federal share of the amount of student grants or work-study jobs under this subpart through a direct appropriation of State funds for the program under this subpart.

**(c) Reservation and disbursement of allotments and reallotments**

Upon his approval of any application for a payment under this subpart, the Secretary shall reserve from the applicable allotment (including any applicable reallotment) available therefor, the amount of such payment, which (subject to the limits of such allotment or reallotment) shall be equal to the Federal share of the cost of the students' incentive grants or work-study jobs covered by such application. The Secretary shall pay such reserved amount, in advance or by way of reimbursement, and in such installments as the Secretary may determine. The Secretary may amend the reservation of any amount under this section, either upon approval of an amendment of the application or upon revision of the estimated cost of the student grants or work-study jobs with respect to which such reservation was made. If the Secretary approves an upward revision of such estimated cost, the Secretary may reserve the Federal share of the added cost only from the applicable allotment (or reallotment) available at the time of such approval.

(Pub. L. 89-329, title IV, §415C, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1333; amended Pub. L. 102-325, title IV, §404(b)-(d), July 23, 1992, 106 Stat. 507; Pub. L. 103-208, §2(b)(27), Dec. 20, 1993, 107 Stat. 2459.)

**PRIOR PROVISIONS**

A prior section 1070c-2, Pub. L. 89-329, title IV, §415C, as added Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 256; amended Pub. L. 94-482, title I, §123(b), Oct. 12, 1976, 90 Stat. 2094; Pub. L. 95-43, §1(a)(6), June 15, 1977, 91 Stat. 213; Pub. L. 95-566, §3, Nov. 1, 1978, 92 Stat. 2403; Pub. L. 96-374, title IV, §404(c), title XIII, §1391(a)(1), (2), Oct. 3, 1980, 94 Stat. 1407, 1503, related to payment of grants to States for State student incentives, prior to the general revision of this part by Pub. L. 99-498.

**AMENDMENTS**

1993—Subsec. (b)(7). Pub. L. 103-208 substituted a semicolon for period at end.

1992—Subsec. (b)(2). Pub. L. 102-325, §404(b), substituted “\$5,000” for “\$2,500”.

Subsec. (b)(4). Pub. L. 102-325, §404(c), inserted before semicolon at end “, except that for the purpose of collecting data to make such determination of financial need, no student or parent shall be charged a fee that is payable to an entity other than such State”.

Subsec. (b)(7). Pub. L. 102-325, §404(d), amended par. (7) generally. Prior to amendment, par. (7) read as follows: “provides that, if the institution’s allocation under this subpart is based in part on the financial need demonstrated by students attending the institution less than full time, a reasonable proportion of the institution’s allocation shall be made available to such students;”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070c-1, 1070c-3, 1099a-1 of this title.

### § 1070c-3. Administration of State programs; judicial review

#### (a) Disapproval of applications; suspension of eligibility

(1) The Secretary shall not finally disapprove any application for a State program submitted under section 1070c-2 of this title, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

(2) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering a State program approved under this subpart, finds—

(A) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

(B) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until he is satisfied that there is no longer any such failure to comply.

#### (b) Review of decisions

(1) If any State is dissatisfied with the Secretary’s final action with respect to the approval of its State program submitted under this subpart or with his final action under subsection (a) of this section, such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Commissioner shall forthwith certify and file in the court the transcript of the proceedings and the record on which he based his action.

(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall cer-

tify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in title 28, section 1254.

(Pub. L. 89-329, title IV, §415D, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1335.)

#### PRIOR PROVISIONS

A prior section 1070c-3, Pub. L. 89-329, title IV, §415D, as added Pub. L. 92-318, title I, §131(b)(1), June 23, 1972, 86 Stat. 257; amended Pub. L. 96-374, title XIII, §1391(a)(1), (2), Oct. 3, 1980, 94 Stat. 1503, related to administration of State programs and judicial review, prior to the general revision of this part by Pub. L. 99-498.

### § 1070c-4. “Community service” defined

For the purpose of this subpart, the term “community service” means services, including direct service, planning, and applied research which are identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, and which—

(1) are designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to the needs of such residents, including but not limited to, such fields as health care, child care, education, literacy training, welfare, social services, public safety, crime prevention and control, transportation, recreation, housing and neighborhood improvement, rural development, and community improvement; and

(2) provide participating students with work-learning opportunities related to their educational or vocational programs or goals.

(Pub. L. 89-329, title IV, §415E, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1336; amended Pub. L. 100-50, §5, June 3, 1987, 101 Stat. 340.)

#### PRIOR PROVISIONS

A prior section 1070c-4, Pub. L. 89-329, title IV, §415E, as added Pub. L. 94-482, title I, §123(c)(3), Oct. 12, 1976, 90 Stat. 2094; amended Pub. L. 95-43, §1(a)(7), June 15, 1977, 91 Stat. 213, related to a program of bonus allotments, prior to repeal by Pub. L. 96-374, title IV, §404(d), Oct. 3, 1980, 94 Stat. 1407, eff. Oct. 1, 1980.

#### AMENDMENTS

1987—Par. (1). Pub. L. 100-50 substituted “literacy” for “literary”.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

### §§ 1070d to 1070d-1d. Repealed. Pub. L. 102-325, title IV, § 402(a)(1), July 23, 1992, 106 Stat. 482

Section 1070d, Pub. L. 89-329, title IV, §417A, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat.

1336, related to program authority and authorization of appropriations.

A prior section 1070d, Pub. L. 89-329, title IV, § 417A, as added Pub. L. 96-374, title IV, § 405, Oct. 3, 1980, 94 Stat. 1407, authorized a program of grants and contracts to assist students from disadvantaged backgrounds, prior to the general revision of this part by Pub. L. 99-498.

Another prior section 1070d, Pub. L. 89-329, title IV, § 417A, as added Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 258; amended Pub. L. 94-482, title I, § 124(a), Oct. 12, 1976, 90 Stat. 2094; Pub. L. 96-49, § 5(a)(5), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, authorized the Secretary of Education to carry out special programs for students from disadvantaged backgrounds and authorized appropriations for such programs, prior to the general revision of this subpart by Pub. L. 96-374.

Section 1070d-1, Pub. L. 89-329, title IV, § 417B, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1337, authorized a talent search program.

A prior section 1070d-1, Pub. L. 89-329, title IV, § 417B, as added Pub. L. 96-374, title IV, § 405, Oct. 3, 1980, 94 Stat. 1408, authorized a talent search program, prior to the general revision of this part by Pub. L. 99-498.

Another prior section 1070d-1, Pub. L. 89-329, title IV, § 417B, as added Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 258; amended Pub. L. 93-380, title VIII, § 833(a), Aug. 21, 1974, 88 Stat. 603; Pub. L. 94-482, title I, § 124(b), (c), Oct. 12, 1976, 90 Stat. 2094, 2095; Pub. L. 95-566, § 4, Nov. 1, 1978, 92 Stat. 2403; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, specified the authorized activities of the Secretary of Education in carrying out special programs for students from disadvantaged backgrounds, prior to the general revision of this subpart by Pub. L. 96-374.

Section 1070d-1a, Pub. L. 89-329, title IV, § 417C, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1338, authorized an upward bound program.

A prior section 1070d-1a, Pub. L. 89-329, title IV, § 417C, as added Pub. L. 96-374, title IV, § 405, Oct. 3, 1980, 94 Stat. 1409, authorized an upward bound program, prior to the general revision of this part by Pub. L. 99-498.

Section 1070d-1b, Pub. L. 89-329, title IV, § 417D, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1339; amended Pub. L. 100-50, § 6, June 3, 1987, 101 Stat. 340; Pub. L. 100-418, title VI, § 6271, Aug. 23, 1988, 102 Stat. 1523, related to student support services program.

A prior section 1070d-1b, Pub. L. 89-329, title IV, § 417D, as added Pub. L. 96-374, title IV, § 405, Oct. 3, 1980, 94 Stat. 1410, authorized a special services for disadvantaged students program, prior to the general revision of this part by Pub. L. 99-498.

Section 1070d-1c, Pub. L. 89-329, title IV, § 417E, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1340, authorized an educational opportunity centers program.

A prior section 1070d-1c, Pub. L. 89-329, title IV, § 417E, as added Pub. L. 96-374, title IV, § 405, Oct. 3, 1980, 94 Stat. 1410, authorized an educational opportunity centers program, prior to the general revision of this part by Pub. L. 99-498.

Section 1070d-1d, Pub. L. 89-329, title IV, § 417F, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1341, related to staff development activities.

A prior section 1070d-1d, Pub. L. 89-329, title IV, § 417F, as added Pub. L. 96-374, title IV, § 405, Oct. 3, 1980, 94 Stat. 1411, authorized grants for staff training, prior to the general revision of this part by Pub. L. 99-498.

#### SUBPART 5—SPECIAL PROGRAMS FOR STUDENTS WHOSE FAMILIES ARE ENGAGED IN MIGRANT AND SEASONAL FARMWORK

##### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in sections 1070, 1070a-71, 3414 of this title.

## § 1070d-2. Maintenance and expansion of existing programs

### (a) Program authority

The Secretary shall maintain and expand existing secondary and postsecondary high school equivalency program and college assistance migrant program projects located at institutions of higher education or at private nonprofit organizations working in cooperation with institutions of higher education.

### (b) Services provided by high school equivalency program

The services authorized by this subpart for the high school equivalency program include—

#### (1) recruitment services to reach persons—

(A)(i) who are 16 years of age and over; or

(ii) who are beyond the age of compulsory school attendance in the State in which such persons reside and are not enrolled in school;

(B)(i) who themselves, or whose parents, have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork; or

(ii) who are eligible to participate, or have participated within the preceding 2 years, in programs under part C of title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6391 et seq.] or section 1672 of title 29; and

(C) who lack a high school diploma or its equivalent;

(2) educational services which provide instruction designed to help students obtain a general education diploma which meets the guidelines established by the State in which the project is located for high school equivalency;

(3) supportive services which include the following:

(A) personal, vocational, and academic counseling;

(B) placement services designed to place students in a university, college, or junior college program, or in military service or career positions; and

(C) health services;

(4) information concerning, and assistance in obtaining, available student financial aid;

(5) weekly stipends for high school equivalency program participants;

(6) housing for those enrolled in residential programs;

(7) exposure to cultural events, academic programs, and other educational and cultural activities usually not available to migrant youth; and

(8) other essential supportive services, as needed to ensure the success of eligible students.

### (c) Services provided by college assistance migrant program

(1) Services authorized by this subpart for the college assistance migrant program include—

(A) outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork or who have participated or are eli-

gible to participate, in programs under part C of title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6391 et seq.] (or such part's predecessor authority) or section 1672 of title 29, and who meet the minimum qualifications for attendance at a college or university;

(B) supportive and instructional services which include:

- (i) personal, academic, and career counseling as an ongoing part of the program;
- (ii) tutoring and academic skill building instruction and assistance;
- (iii) assistance with special admissions;
- (iv) health services; and
- (v) other services as necessary to assist students in completing program requirements;

(C) assistance in obtaining student financial aid which includes, but is not limited to:

- (i) stipends;
- (ii) scholarships;
- (iii) student travel;
- (iv) career oriented work study;
- (v) books and supplies;
- (vi) tuition and fees;
- (vii) room and board; and
- (viii) other assistance necessary to assist students in completing their first year of college;

(D) housing support for students living in institutional facilities and commuting students;

(E) exposure to cultural events, academic programs, and other activities not usually available to migrant youth; and

(F) other support services as necessary to ensure the success of eligible students.

(2) A recipient of a grant to operate a college assistance migrant program under this subpart shall provide followup services for migrant students after such students have completed their first year of college, and shall not use more than 10 percent of such grant for such followup services. Such followup services may include—

(A) monitoring and reporting the academic progress of students who participated in the project during such student's first year of college and during such student's subsequent years in college; and

(B) referring such students to on- or off-campus providers of counseling services, academic assistance, or financial aid.

#### **(d) Management plan required**

Each project application shall include a management plan which contains assurances that staff shall have a demonstrated knowledge and be sensitive to the unique characteristics and needs of the migrant and seasonal farmworker population, and provisions for:

- (1) staff in-service training;
- (2) training and technical assistance;
- (3) staff travel;
- (4) student travel;
- (5) interagency coordination; and
- (6) an evaluation plan.

#### **(e) Five-year grant period; consideration of prior experience**

Except under extraordinary circumstances, the Secretary shall award grants for a 5-year pe-

riod. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs authorized by subpart 4<sup>1</sup> of this part in accordance with section 1070d(b)(2)<sup>1</sup> of this title.

#### **(f) Minimum allocations**

The Secretary shall not allocate an amount less than—

- (1) \$150,000 for each project under the high school equivalency program, and
- (2) \$150,000 for each project under the college assistance migrant program.

#### **(g) Authorization of appropriations**

(1) There are authorized to be appropriated for the high school equivalency program \$15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) There are authorized to be appropriated for the college assistance migrant program \$5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title IV, §418A, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1341; amended Pub. L. 100-50, §7, June 3, 1987, 101 Stat. 340; Pub. L. 102-325, title IV, §405, July 23, 1992, 106 Stat. 507; Pub. L. 103-382, title III, §391(e)(1), (2), Oct. 20, 1994, 108 Stat. 4022.)

#### REFERENCES IN TEXT

The Elementary and Secondary Education Act of 1965, referred to in subsecs. (b)(1)(B)(ii) and (c)(1)(A), is Pub. L. 89-10, Apr. 11, 1965, 79 Stat. 27, as amended generally by Pub. L. 103-382, title I, §101, Oct. 20, 1994, 108 Stat. 3519. Part C of title I of the Act is classified generally to part C (§6391 et seq.) of subchapter I of chapter 70 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6301 of this title and Tables.

Subpart 4 of this part, including section 1070d(b)(2) of this title, referred to in subsec. (e), was repealed and subpart 3 was redesignated subpart 4 by Pub. L. 102-325, title IV, §402(a)(1), (2), July 23, 1992, 106 Stat. 482.

#### PRIOR PROVISIONS

A prior section 1070d-2, Pub. L. 89-329, title IV, §418A, as added Pub. L. 96-374, title IV, §406, Oct. 3, 1980, 94 Stat. 1411, related to secondary and postsecondary high school equivalency programs and college assistance migrant programs, prior to the general revision of this part by Pub. L. 99-498.

Another prior section 1070d-2, Pub. L. 89-329, title IV, §418A, as added Pub. L. 94-482, title I, §125, Oct. 12, 1976, 90 Stat. 2096; amended Pub. L. 96-49, §5(a)(6), Aug. 13, 1979, 93 Stat. 352, provided for the Educational Information Centers program, prior to repeal by Pub. L. 96-374, title I, §101(b), Oct. 3, 1980, 94 Stat. 1383. See section 1070d-1c of this title.

A prior section 1070d-3, Pub. L. 89-329, title IV, §418B, as added Pub. L. 94-482, title I, §125, Oct. 12, 1976, 90 Stat. 2097, related to administration by States of Educational Information Centers program, prior to repeal by Pub. L. 96-374, title I, §101(b), Oct. 3, 1980, 94 Stat. 1383, eff. Oct. 1, 1980.

#### AMENDMENTS

1994—Subsec. (b)(1)(B)(ii). Pub. L. 103-382, §391(e)(1), substituted “part C” for “subpart 1 of part D of chapter 1”.

<sup>1</sup> See References in Text note below.



Subsec. (c)(1)(A). Pub. L. 103-382, §391(e)(2), substituted “part C” for “subpart 1 of part D of chapter 1” and inserted “(or such part’s predecessor authority)” after “1965”.

1992—Subsec. (b)(1). Pub. L. 102-325, §405(a)(1)(A), added par. (1) and struck out former par. (1) which read as follows: “recruitment services to reach persons who are 17 years of age and over, who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork, and who lack a high school diploma or its equivalent;”.

Subsec. (b)(4). Pub. L. 102-325, §405(a)(1)(B), inserted comma after “concerning” and after “obtaining”.

Subsec. (c). Pub. L. 102-325, §405(a)(2), (b), designated existing provisions as par. (1), redesignated former par. (1) as subpar. (A) and amended it generally, redesignated par. (2) and its subpars. (A) to (E) as subpar. (B) and cls. (i) to (v), respectively, redesignated par. (3) and its subpars. (A) to (H) as subpar. (C) and cls. (i) to (viii), respectively, redesignated pars. (4) to (6) as subpars. (D) to (F), respectively, and added par. (2). Prior to amendment, par. (1) read as follows: “outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork, and who meet the minimum qualifications for attendance at a college or university;”.

Subsec. (e). Pub. L. 102-325, §405(c), substituted “Five-year” for “Three-year” in heading and “5-year” for “3-year” in text.

Subsec. (g). Pub. L. 102-325, §405(d), amended subsec. (g) generally, substituting present provisions for former provisions which authorized appropriations for fiscal years 1987 through 1991.

1987—Subsec. (g). Pub. L. 100-50 amended subsec. (g) generally. Prior to amendment, subsec. (g) read as follows: “There is authorized to be appropriated for this part \$9,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.”

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SUBPART 6—ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM

#### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in sections 1070, 1091, 1099a-3 of this title.

### § 1070d-31. Statement of purpose

It is the purpose of this subpart to establish a Robert C. Byrd Honors Scholarship Program to promote student excellence and achievement and to recognize exceptionally able students who show promise of continued excellence.

(Pub. L. 89-329, title IV, §419A, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1343.)

#### PRIOR PROVISIONS

A prior section 1070d-31, Pub. L. 89-329, title IV, §419A, as added Pub. L. 98-558, title VIII, §801(a), Oct. 30, 1984, 98 Stat. 2900; amended Pub. L. 99-145, title XVI, §1627(a), Nov. 8, 1985, 99 Stat. 779, provided statement of purpose for Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

### § 1070d-32. Repealed. Pub. L. 102-325, title IV, § 406(a), July 23, 1992, 106 Stat. 508

Section, Pub. L. 89-329, title IV, §419B, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1343, defined terms used in this subpart.

A prior section 1070d-32, Pub. L. 89-329, title IV, §419B, as added Pub. L. 98-558, title VIII, §801(a), Oct. 30, 1984, 98 Stat. 2900, defined terms used in this subpart, prior to the general revision of this part by Pub. L. 99-498.

### § 1070d-33. Scholarships authorized

#### (a) Program authority

The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to States to enable the States to award scholarships to individuals who have demonstrated outstanding academic achievement and who show promise of continued academic achievement.

#### (b) Period of award

Scholarships under this section shall be awarded for a period of not less than 1 or more than 4 years during the first 4 years of study at any institution of higher education eligible to participate in any programs assisted under this subchapter and part C of subchapter I of chapter 34 of title 42. The State educational agency administering the program in a State shall have discretion to determine the period of the award (within the limits specified in the preceding sentence), except that—

(1) if the amount appropriated for this subpart for any fiscal year exceeds the amount appropriated for this subpart for fiscal year 1993, the Secretary shall identify to each State educational agency the number of scholarships available to that State under section 1070d-34(b) of this title that are attributable to such excess;

(2) the State educational agency shall award not less than that number of scholarships for a period of 4 years.

#### (c) Use at any institution permitted

A student awarded a scholarship under this subpart may attend any institution of higher education.

#### (d) Byrd Scholars

Individuals awarded scholarships under this subpart shall be known as “Byrd Scholars”.

(Pub. L. 89-329, title IV, §419C, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1344; amended Pub. L. 102-325, title IV, §406(b), July 23, 1992, 106 Stat. 508; Pub. L. 103-208, §2(b)(28), Dec. 20, 1993, 107 Stat. 2459.)

#### PRIOR PROVISIONS

A prior section 1070d-33, Pub. L. 89-329, title IV, §419C, as added Pub. L. 98-558, title VIII, §801(a), Oct. 30, 1984, 98 Stat. 2900; amended Pub. L. 99-145, title XVI, §1627(b), Nov. 8, 1985, 99 Stat. 779, authorized the award of scholarships under Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-208 substituted “for a period of not less than 1 or more than 4 years during the first 4 years of study” for “for a period of not more than 4 years for the first 4 years of study” and inserted at end “The State educational agency administering the program in a State shall have discretion to determine the period of the award (within the limits specified in the preceding sentence), except that—

“(1) if the amount appropriated for this subpart for any fiscal year exceeds the amount appropriated for

this subpart for fiscal year 1993, the Secretary shall identify to each State educational agency the number of scholarships available to that State under section 1070d-34(b) of this title that are attributable to such excess;

“(2) the State educational agency shall award not less than that number of scholarships for a period of 4 years.”

1992—Subsec. (b). Pub. L. 102-325 amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows: “Scholarships under this section shall be awarded for a period of one academic year for the first year of study at an institution of higher education.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective on and after Dec. 20, 1993, see section 5(b)(2) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### § 1070d-34. Allocation among States

#### (a) Allocation formula

From the sums appropriated pursuant to the authority of section 1070d-41 of this title for any fiscal year, the Secretary shall allocate to each State that has an agreement under section 1070d-35 of this title an amount equal to \$1,500 multiplied by the number of scholarships determined by the Secretary to be available to such State in accordance with subsection (b) of this section.

#### (b) Number of scholarships available

The number of scholarships to be made available in a State for any fiscal year shall bear the same ratio to the number of scholarships made available to all States as the State's population ages 5 through 17 bears to the population ages 5 through 17 in all the States, except that not less than 10 scholarships shall be made available to any State.

#### (c) Use of census data

For the purpose of this section, the population ages 5 through 17 in a State and in all the States shall be determined by the most recently available data, satisfactory to the Secretary, from the Bureau of the Census.

#### (d) Consolidation by Insular Areas prohibited

Notwithstanding section 1469a of title 48,<sup>1</sup> funds allocated under this part to an Insular Area described in that section shall be deemed to be direct payments to classes of individuals, and the Insular Area may not consolidate such funds with other funds received by the Insular Area from any department or agency of the United States Government.

(Pub. L. 89-329, title IV, § 419D, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1344; amended Pub. L. 102-325, title IV, § 406(c), July 23, 1992, 106 Stat. 509; Pub. L. 103-208, § 2(b)(29), Dec. 20, 1993, 107 Stat. 2459.)

#### REFERENCES IN TEXT

Section 1469a of title 48, referred to in text, was in the original “section 501 of Public Law 95-1134 (48 U.S.C. 1469a)” and was translated as reading “section 501 of Public Law 95-134” to reflect the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1070d-34, Pub. L. 89-329, title IV, § 419D, as added Pub. L. 98-558, title VIII, § 801(a), Oct.

30, 1984, 98 Stat. 2901, related to allocation among States of amounts for Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (d). Pub. L. 103-208 added subsec. (d).

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows: “From the sums appropriated pursuant to section 1070d-41 of this title for any fiscal year, the Secretary shall allocate to each State having an agreement under section 1070d-35 of this title—

“(1) \$1,500 multiplied by the number of individuals in the State eligible for scholarships pursuant to section 1070d-37(b) of this title, plus

“(2) \$10,000, plus 5 percent of the amount to which a State is eligible under paragraph (1) of this section.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective on and after Oct. 1, 1993, see section 5(b)(1) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070d-33 of this title.

### § 1070d-35. Agreements

The Secretary shall enter into an agreement with each State desiring to participate in the scholarship program authorized by this subpart. Each such agreement shall include provisions designed to assure that—

(1) the State educational agency will administer the scholarship program authorized by this subpart in the State;

(2) the State educational agency will comply with the eligibility and selection provisions of this subpart;

(3) the State educational agency will conduct outreach activities to publicize the availability of scholarships under this subpart to all eligible students in the State, with particular emphasis on activities designed to assure that students from low-income and moderate-income families have access to the information on the opportunity for full participation in the scholarship program authorized by this subpart; and

(4) the State educational agency will pay to each individual in the State who is awarded a scholarship under this subpart \$1,500.

(Pub. L. 89-329, title IV, § 419E, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1344; amended Pub. L. 102-325, title IV, § 406(g)(2), (3), July 23, 1992, 106 Stat. 509.)

#### PRIOR PROVISIONS

A prior section 1070d-35, Pub. L. 89-329, title IV, § 419E, as added Pub. L. 98-558, title VIII, § 801(a), Oct. 30, 1984, 98 Stat. 2901; amended Pub. L. 99-145, title XVI, § 1627(c), Nov. 8, 1985, 99 Stat. 779, related to agreements with States for participation in the Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1992—Par. (3). Pub. L. 102-325, § 406(g)(2)(A), inserted “and” after semicolon.

Par. (4). Pub. L. 102-325, § 406(g)(2)(B), substituted “\$1,500.” for “\$1,500 at an awards ceremony in accordance with section 1070d-39 of this title; and”.

<sup>1</sup> See References in Text note below.

Par. (5). Pub. L. 102-325, §406(g)(3), which directed that par. (5) be struck out without specifying the section to which the amendment applied, was executed by striking out par. (5) of this section to reflect the probable intent of Congress. Prior to amendment, par. (5) read as follows: “the State educational agency will use the amount of the allocation described in paragraph (2) of section 1070d-34 of this title for administrative expenses, including the conduct of the awards ceremony required by section 1070d-39 of this title.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070d-34 of this title.

### § 1070d-36. Eligibility of scholars

#### (a) High school graduation or equivalent and admission to institution required

Each student awarded a scholarship under this subpart shall be a graduate of a public or private secondary school or have the equivalent of a certificate of graduation as recognized by the State in which the student resides and must have been admitted for enrollment at an institution of higher education.

#### (b) Selection based on promise of academic achievement

Each student awarded a scholarship under this subpart must demonstrate outstanding academic achievement and show promise of continued academic achievement.

(Pub. L. 89-329, title IV, §419F, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1344.)

#### PRIOR PROVISIONS

A prior section 1070d-36, Pub. L. 89-329, title IV, §419F, as added Pub. L. 98-558, title VIII, §801(a), Oct. 30, 1984, 98 Stat. 2901, related to eligibility of students for scholarships under Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

### § 1070d-37. Selection of scholars

#### (a) Establishment of criteria

The State educational agency is authorized to establish the criteria for the selection of scholars under this subpart.

#### (b) Adoption of procedures

The State educational agency shall adopt selection procedures designed to ensure an equitable geographic distribution of awards within the State (and in the case of the Federated States of Micronesia, the Republic of the Marshall Islands, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, or Palau (until such time as the Compact of Free Association is ratified), not to exceed 10 individuals will be selected from such entities).

#### (c) Consultation requirement

In carrying out its responsibilities under subsections (a) and (b) of this section, the State educational agency shall consult with school administrators, school boards, teachers, counselors, and parents.

#### (d) Timing of selection

The selection process shall be completed, and the awards made, prior to the end of each secondary school academic year.

(Pub. L. 89-329, title IV, §419G, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1345; amended Pub. L. 102-325, title IV, §406(d), July 23, 1992, 106 Stat. 509; Pub. L. 103-208, §2(b)(30), Dec. 20, 1993, 107 Stat. 2460.)

#### REFERENCES IN TEXT

For ratification of Compact of Free Association with the Republic of Palau, referred to in subsec. (b), see Proc. No. 6726, Sept. 27, 1994, 59 F.R. 49777, set out as a note under section 1931 of Title 48, Territories and Insular Possessions.

#### PRIOR PROVISIONS

A prior section 1070d-37, Pub. L. 89-329, title IV, §419G, as added Pub. L. 98-558, title VIII, §801(a), Oct. 30, 1984, 98 Stat. 2901, related to selection of merit scholars under Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-208 substituted “the Federated States of Micronesia, the Republic of the Marshall Islands,” for “the District of Columbia, the Commonwealth of Puerto Rico.”

1992—Subsec. (b). Pub. L. 102-325, §406(d)(1), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows: “The State educational agency shall adopt selection procedures which are designed to assure that 10 individuals will be selected from among residents of each congressional district in a State (and in the case of the District of Columbia and the Commonwealth of Puerto Rico not to exceed 10 individuals will be selected in such District or Commonwealth).”

Subsec. (d). Pub. L. 102-325, §406(d)(2), added subsec. (d).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### § 1070d-38. Stipends and scholarship conditions

#### (a) Amount of award

Each student awarded a scholarship under this subpart shall receive a stipend of \$1,500 for the academic year of study for which the scholarship is awarded, except that in no case shall the total amount of financial aid awarded to such student exceed such student's total cost-of-attendance.

#### (b) Use of award

The State educational agency shall establish procedures to assure that a scholar awarded a scholarship under this subpart pursues a course of study at an institution of higher education.

(Pub. L. 89-329, title IV, §419H, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1345; amended Pub. L. 102-325, title IV, §406(e), July 23, 1992, 106 Stat. 509.)

#### PRIOR PROVISIONS

A prior section 1070d-38, Pub. L. 89-329, title IV, §419H, as added Pub. L. 98-558, title VIII, §801(a), Oct. 30, 1984, 98 Stat. 2902, related to stipends and scholarship conditions for students receiving scholarships under Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1992—Subsec. (a). Pub. L. 102-325 inserted before period at end “, except that in no case shall the total

amount of financial aid awarded to such student exceed such student's total cost-of-attendance".

**§ 1070d-39. Repealed. Pub. L. 102-325, title IV, § 406(g)(1), July 23, 1992, 106 Stat. 509**

Section, Pub. L. 89-329, title IV, § 419I, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1345, related to awards ceremony.

A prior section 1070d-39, Pub. L. 89-329, title IV, § 419I, as added Pub. L. 98-558, title VIII, § 801(a), Oct. 30, 1984, 98 Stat. 2902, related to ceremony for awarding scholarships under Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

**§ 1070d-40. Construction of needs provisions**

Except as provided in section 1087kk of this title, nothing in this subpart, or any other Act, shall be construed to permit the receipt of a scholarship under this subpart to be counted for any needs test in connection with the awarding of any grant or the making of any loan under this chapter or any other provision of Federal law relating to educational assistance.

(Pub. L. 89-329, title IV, § 419J, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1345; amended Pub. L. 102-325, title IV, § 406(f), July 23, 1992, 106 Stat. 509.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

PRIOR PROVISIONS

A prior section 1070d-40, Pub. L. 89-329, title IV, § 419J, as added Pub. L. 98-558, title VIII, § 801(a), Oct. 30, 1984, 98 Stat. 2902, provided that receipt of scholarship under Robert C. Byrd Honors Scholarship Program not be counted for needs test for education grant or loan, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

1992—Pub. L. 102-325 substituted "Except as provided in section 1087kk of this title, nothing" for "Nothing".

**§ 1070d-41. Authorization of appropriations**

There are authorized to be appropriated for this subpart \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title IV, § 419K, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1346; amended Pub. L. 102-325, title IV, § 406(h), July 23, 1992, 106 Stat. 509.)

PRIOR PROVISIONS

A prior section 1070d-41, Pub. L. 89-329, title IV, § 419K, as added Pub. L. 98-558, title VIII, § 801(a), Oct. 30, 1984, 98 Stat. 2902, authorized appropriations for fiscal years 1986 to 1988 to carry out Robert C. Byrd Honors Scholarship Program, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows: "There are authorized to be appropriated for this subpart \$8,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years."

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070d-34 of this title.

SUBPART 7—ASSISTANCE TO INSTITUTIONS OF HIGHER EDUCATION

**§§ 1070e, 1070e-1. Repealed. Pub. L. 102-325, title IV, §§ 407, 408, July 23, 1992, 106 Stat. 510**

Section 1070e, Pub. L. 89-329, title IV, § 420, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1346, related to payments to institutions of higher education.

A prior section 1070e, Pub. L. 89-329, title IV, § 420, formerly § 419, as added Pub. L. 92-318, title X, § 1001(a), June 23, 1972, 86 Stat. 375; amended Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503; renumbered Pub. L. 98-558, title VIII, § 801(b)(1), Oct. 30, 1984, 98 Stat. 2902, related to payments to institutions of higher education, prior to the general revision of this part by Pub. L. 99-498.

A prior section 420 of Pub. L. 89-329 was renumbered section 420A by section 801(b)(2) of Pub. L. 98-558 and was classified to former section 1070e-1 of this title.

Section 1070e-1, Pub. L. 89-329, title IV, § 420A, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1348; amended Pub. L. 100-50, § 8, June 3, 1987, 101 Stat. 341; Pub. L. 102-54, § 13(g)(2), June 13, 1991, 105 Stat. 275; Pub. L. 102-83, § 5(c)(2), Aug. 6, 1991, 105 Stat. 406, related to veterans education outreach program.

A prior section 1070e-1, Pub. L. 89-329, title IV, § 420A, formerly § 420, as added Pub. L. 92-318, title X, § 1001(a), June 23, 1972, 86 Stat. 378; amended Pub. L. 93-380, title VIII, § 834(a), Aug. 21, 1974, 88 Stat. 604; Pub. L. 94-482, title I, § 126(a)-(c), Oct. 12, 1976, 90 Stat. 2098; Pub. L. 95-336, § 6(a), Aug. 4, 1978, 92 Stat. 453; Pub. L. 96-49, § 5(a)(7), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title IV, § 407, Oct. 3, 1980, 94 Stat. 1412; Pub. L. 97-300, title I, § 183, Oct. 13, 1982, 96 Stat. 1357; renumbered § 420A, Pub. L. 98-558, title VIII, § 801(b)(2), Oct. 30, 1984, 98 Stat. 2902, related to veterans' cost-of-instruction payments to institutions of higher education, prior to the general revision of this part by Pub. L. 99-498.

SUBPART 8—SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS

SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in section 1070 of this title.

**§ 1070f. Special child care services for disadvantaged college students**

**(a) Program authority**

Funds appropriated pursuant to subsection (c) of this section shall be used by the Secretary to make grants to institutions of higher education to provide special child care services to disadvantaged students.

**(b) Applications**

Any institution wishing to receive a grant under this section shall submit an application to the Secretary. Such application shall include—

(1) a description of the program to be established;

(2) assurances by the applicant to the Secretary that—

(A) not less than two-thirds of the participants in the program are low-income individuals;

(B) the participants require the services to pursue successfully a program of education beyond high school;

(C) the participants are enrolled at the institution which is the recipient of the grant;

(D) all participants will receive sufficient assistance (under this subpart, other provisions of this subchapter and part C of subchapter I of chapter 34 of title 42, or otherwise) to meet that student's full financial need for child care services related to such enrollment; and

(E) the institution will meet such need of participants by providing child care through vouchers, contracted services, or direct provision of services; and

(3) such information (and meet such conditions) as may be required by the Secretary.

**(c) Authorization of appropriations**

There are authorized to be appropriated to carry out the purpose of this section, \$20,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

**(d) "Low-income individual" defined**

For purposes of this subpart, the term "low-income individual" means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using the criteria of poverty established by the Bureau of the Census.

(Pub. L. 89-329, title IV, § 420B, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1352; amended Pub. L. 100-50, § 9, June 3, 1987, 101 Stat. 341; Pub. L. 102-325, title IV, § 409, July 23, 1992, 106 Stat. 510.)

AMENDMENTS

1992—Subsec. (c). Pub. L. 102-325 substituted "\$20,000,000 for fiscal year 1993" for "\$10,000,000 for fiscal year 1987".

1987—Subsec. (b)(2)(B). Pub. L. 100-50, § 9(1), redesignated subpar. (C) as (B), substituted "successfully a program" for "a successful program", and struck out former subpar. (B) which read as follows: "the remaining participants in the program are either low-income individuals;"

Subsec. (b)(2)(C) to (F). Pub. L. 100-50, § 9(1)(C), redesignated subpars. (D) to (F) as (C) to (E), respectively. Former subpar. (C) redesignated (B).

Subsec. (d). Pub. L. 100-50, § 9(2), in heading substituted "Definition" for "Definitions" and in text struck out provision defining "first generation college student" as an individual both of whose parents did not complete a baccalaureate degree or, in the case of an individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree.

EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

CODIFICATION

Part B of title IV of the Higher Education Act of 1965, comprising this part, was originally enacted by Pub. L. 89-329, title IV, Nov. 8, 1965, 79 Stat. 1236, and amended by Pub. L. 89-698, Oct. 29, 1966, 80 Stat. 1066; Pub. L. 89-752, Nov. 3, 1966, 80 Stat. 1240; Pub. L. 89-794, Nov. 8, 1966, 80 Stat. 1451; Pub. L. 90-460, Aug. 3, 1968, 82 Stat. 634; Pub. L. 90-575, Oct. 16, 1968, 82 Stat. 1014; Pub. L. 91-206, Mar. 10, 1970, 84 Stat. 49; Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 93-269, Apr. 18, 1974, 88 Stat.

87; Pub. L. 93-604, Jan. 2, 1975, 88 Stat. 1959; Pub. L. 94-273, Apr. 21, 1976, 90 Stat. 375; Pub. L. 94-328, June 30, 1976, 90 Stat. 727; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; S. Res. 4, Feb. 4, 1977; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 95-561, Nov. 1, 1978, 92 Stat. 2143; Pub. L. 95-566, Nov. 1, 1978, 92 Stat. 2402; Pub. L. 95-598, Nov. 6, 1978, 92 Stat. 2549; Pub. L. 95-630, Nov. 10, 1978, 92 Stat. 3641; S. Res. 30, Mar. 7, 1979; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-88, Oct. 17, 1979, 93 Stat. 668; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357; Pub. L. 97-115, Dec. 29, 1981, 95 Stat. 1595; Pub. L. 97-301, Oct. 13, 1982, 96 Stat. 1400; Pub. L. 98-79, Aug. 15, 1983, 97 Stat. 476; Pub. L. 99-272, Apr. 7, 1986, 100 Stat. 82; Pub. L. 99-320, May 23, 1986, 100 Stat. 491. Such part is shown herein, however, as having been added by Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1353, without reference to such intervening amendments because of the extensive revision of part B by Pub. L. 99-498.

PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1087-0, 1087c, 1087d, 1087e, 1087f, 1087h, 1088, 1089, 1090, 1091, 1091a, 1092, 1092b, 1092c, 1094, 1095a, 1097, 1098, 1098a, 1099a-3, 1099c-1, 1104f, 1106d, 1106e, 1134e-4, 1145e, 1146a, 2394a of this title; title 2 section 906; title 5 section 5379; title 10 sections 2171, 16301, 16302; title 11 section 525; title 26 sections 144, 6103; title 38 section 3698; title 42 sections 292a, 4953.

**§ 1071. Statement of purpose; nondiscrimination; and appropriations authorized**

**(a) Purpose; discrimination prohibited**

**(1) Purpose**

The purpose of this part is to enable the Secretary—

(A) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 1085 of this title),

(B) to provide a Federal program of student loan insurance for students or lenders who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 1078(b) of this title,

(C) to pay a portion of the interest on loans to qualified students which are insured under this part, and

(D) to guarantee a portion of each loan insured under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 1078(a)(1)(B) of this title.

**(2) Discrimination by creditors prohibited**

No agency, organization, institution, bank, credit union, corporation, or other lender who regularly extends, renews, or continues credit or provides insurance under this part shall exclude from receipt or deny the benefits of, or discriminate against any borrower or applicant in obtaining, such credit or insurance on the basis of race, national origin, religion, sex, marital status, age, or handicapped status.

**(b) Authorization of appropriations**

For the purpose of carrying out this part—

(1) there are authorized to be appropriated to the student loan insurance fund (established by section 1081 of this title) (A) the sum of \$1,000,000, and (B) such further sums, if any, as may become necessary for the adequacy of the student loan insurance fund,

(2) there are authorized to be appropriated, for payments under section 1078 of this title with respect to interest on student loans and for payments under section 1087 of this title, such sums for the fiscal year ending June 30, 1966, and succeeding fiscal years, as may be required therefor,

(3) there is authorized to be appropriated the sum of \$17,500,000 for making advances pursuant to section 1072 of this title for the reserve funds of State and nonprofit private student loan insurance programs,

(4) there are authorized to be appropriated (A) the sum of \$12,500,000 for making advances after June 30, 1968, pursuant to sections 1072(a) and (b) of this title, and (B) such sums as may be necessary for making advances pursuant to section 1072(c) of this title, for the reserve funds of State and nonprofit private student loan insurance programs, and

(5) there are authorized to be appropriated such sums as may be necessary for the purpose of paying an administrative cost allowance in accordance with section 1078(f) of this title to guaranty agencies.

Sums appropriated under paragraphs (1), (2), (4), and (5) of this subsection shall remain available until expended. No additional sums are authorized to be appropriated under paragraphs (3) or (4) of this subsection by reason of the reenactment of such paragraphs by the Higher Education Amendments of 1986.

#### (c) Designation

The program established under this part shall be referred to as the “Robert T. Stafford Federal Student Loan Program”. Loans made pursuant to sections 1077 and 1078 of this title shall be known as “Federal Stafford Loans”.

#### (d) Limitation on authorization to guarantee new loans under this part

Notwithstanding any other provision of this part, no new loan guarantees shall be issued after June 30, 1994, if the Secretary does not issue final regulations implementing the changes made to this part under the Higher Education Amendments of 1992 prior to that date. The authority to issue new loan guarantees shall resume upon the Secretary’s issuance of such regulations. This subsection shall not provide the basis for avoiding any requirements for notice and public hearing on such regulations.

(Pub. L. 89-329, title IV, § 421, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1353; amended Pub. L. 100-297, title II, § 2601(a), Apr. 28, 1988, 102 Stat. 330; Pub. L. 100-369, § 8, July 18, 1988, 102 Stat. 837; Pub. L. 102-325, title IV, § 411(a)(2), (c), July 23, 1992, 106 Stat. 510, 511.)

#### REFERENCES IN TEXT

The Higher Education Amendments of 1986, referred to in subsec. (b), is Pub. L. 99-498, Oct. 17, 1986, 100 Stat. 1268. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

The Higher Education Amendments of 1992, referred to in subsec. (d), is Pub. L. 102-325, July 23, 1992, 106 Stat. 448. For complete classification of this Act to the Code, see Short Title of 1992 Amendment note under section 1001 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1071, Pub. L. 89-329, title IV, § 421, Nov. 8, 1965, 79 Stat. 1236; Pub. L. 90-460, §§ 2(b)(3), 3(a), Aug. 3, 1968, 82 Stat. 635, 636; Pub. L. 90-575, title I, §§ 113(b)(1), 114(a), 119(b), Oct. 16, 1968, 82 Stat. 1021, 1027; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2099; Pub. L. 95-43, § 1(a)(8)-(10), June 15, 1977, 91 Stat. 213; Pub. L. 96-374, title XIII, § 1391(a)(1), (2), Oct. 3, 1980, 94 Stat. 1503; Pub. L. 98-79, § 6, Aug. 15, 1983, 97 Stat. 482, related to statement of purpose of, appropriations for, and implementation of programs to provide low-interest insured loans to students in institutions of higher education, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1992—Subsec. (c). Pub. L. 102-325, § 411(a)(2), added subsec. (c) and struck out former subsec. (c) which read as follows: “The program established under this part shall be referred to as the ‘Robert T. Stafford Student Loan Program’. Loans made under this part shall be known as ‘Stafford Loans’.”

Subsec. (d). Pub. L. 102-325, § 411(c), added subsec. (d). 1988—Subsec. (c). Pub. L. 100-369 substituted “shall be referred” for “may be referred” and inserted provision identifying loans made under this part as “Stafford Loans”.

Pub. L. 100-297 added subsec. (c).

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective July 23, 1992, with changes in the designation or names of loans or programs under this part effective with respect to applications or other documents (used in making such loans) that are printed after July 23, 1992, see section 432 of Pub. L. 102-325, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE OF 1988 AMENDMENT

For effective date and applicability of amendment by Pub. L. 100-297, see section 6303 of Pub. L. 100-297, set out as an Effective Date note under section 1201 of this title.

#### EFFECTIVE DATE

Section 402(b)-(d) of Pub. L. 99-498, as amended by Pub. L. 100-50, § 22(b), June 3, 1987, 101 Stat. 361, provided that:

“(b) EFFECTIVE DATES.—The changes made in part B of title IV of the Act [20 U.S.C. 1071 et seq.] by the amendment made by subsection (a) of this section shall take effect on the date of enactment of this Act [Oct. 17, 1986], except—

“(1) as otherwise provided in such part B;

“(2) the changes in sections 427(a)(2)(C) and 428(b)(1)(M) of the Act [20 U.S.C. 1077(a)(2)(C), 1078(b)(1)(M)] (other than clauses (viii), (ix), and (x) of each such section) shall apply only to loans to new borrowers that (A) are made to cover the cost of instruction for periods of enrollment beginning on or after July 1, 1987; or (B) are disbursed on or after July 1, 1987;

“(3) the changes made in sections 425(a), 428(b)(1)(A), and 428(b)(1)(B) of the Act [20 U.S.C. 1075(a), 1078(b)(1)(A), (B)] shall apply with respect only to loans disbursed on or after January 1, 1987, or made to cover the costs of instruction for periods of enrollment beginning on or after January 1, 1987;

“(4) the changes made in subsections (a), (b), and (d) of section 433 of the Act [20 U.S.C. 1083(a), (b), (d)] shall apply with respect only to loans disbursed on or after January 1, 1987, or made to cover the costs of instruction for periods of enrollment beginning on or after January 1, 1987;

“(5) the changes in section 428(b)(1)(H) [20 U.S.C. 1078(b)(1)(H)] shall apply with respect only to loans for which the borrower files an application on or after July 1, 1987;

“(6) the changes in sections 435(d)(5) and 438(d) of the Act [20 U.S.C. 1085(d)(5), 1087-1(d)] shall take effect 30 days after the date of enactment of this Act [Oct. 17, 1986]; and

“(7) the changes made in section 438(b) [20 U.S.C. 1087-1(b)] shall take effect with respect to loans disbursed on or after 30 days after the date of enactment of this Act [Oct. 17, 1986] or made to cover the costs of instruction for periods of enrollment beginning on or after 30 days after the date of enactment of this Act.

“(c) CHANGES EFFECTIVE WITHOUT REGARD TO REGULATIONS; REPUBLICATION OF REGULATIONS.—The changes made in part B of title IV of the Act [20 U.S.C. 1071 et seq.] by the amendment made by subsection (a) of this section shall be effective in accordance with subsection (b) of this section without regard to whether such changes are reflected in the regulations prescribed by the Secretary of Education for the purpose of such part.

“(d) NEW BORROWERS.—For the purpose of this section, the term ‘new borrower’ means, with respect to any date, an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under part B of title IV of the Act [20 U.S.C. 1071 et seq.]”

#### STUDY OF ROLE OF GUARANTY AGENCIES

Section 1401 of Pub. L. 102-325 directed Secretary of Education to review role of guaranty agencies within Federal Family Education Loan Program by examining administrative and financial operations of such agencies and the relationships between guaranty agencies and State governments and report to Congress within 1 year of July 23, 1992, on the review.

#### GENERAL ACCOUNTING OFFICE REPORTS

Sections 1311 to 1314 of Pub. L. 99-498, as amended by Pub. L. 100-50, §23(6), June 3, 1987, 101 Stat. 362, directed Comptroller General to conduct studies on practices of State guaranty agencies and multistate guarantors under the student loan program, on the feasibility and efficiency of permitting students to establish multiple year lines of credit with eligible lenders, on the impact of the multiple disbursement system on the ability of students and institutions of higher education to meet expenses, and on the cost, efficiency, and impact of the consolidation loan program established by Pub. L. 99-498, and directed Comptroller General to make and submit a report to Congress on each study not later than two years after Oct. 17, 1986.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1072 of this title.

### § 1072. Advances for reserve funds of State and nonprofit private loan insurance programs

#### (a) Purpose of and authority for advances to reserve funds

##### (1) Purpose; eligible recipients

From sums appropriated pursuant to paragraphs (3) and (4)(A) of section 1071(b) of this title, the Secretary is authorized to make advances to any State with which the Secretary has made an agreement pursuant to section 1078(b) of this title for the purpose of helping to establish or strengthen the reserve fund of the student loan insurance program covered by that agreement. If for any fiscal year a State does not have a student loan insurance program covered by an agreement made pursuant to section 1078(b) of this title, and the Secretary determines after consultation with the chief executive officer of that State that there is no reasonable likelihood that the State will

have such a student loan insurance program for such year, the Secretary may make advances for such year for the same purpose to one or more nonprofit private institutions or organizations with which the Secretary has made an agreement pursuant to section 1078(b) of this title in order to enable students in the State to participate in a program of student loan insurance covered by such an agreement. The Secretary may make advances under this subsection both to a State program (with which he has such an agreement) and to one or more nonprofit private institutions or organizations (with which he has such an agreement) in that State if he determines that such advances are necessary in order that students in each eligible institution have access through such institution to a student loan insurance program which meets the requirements of section 1078(b)(1) of this title.

#### (2) Matching requirement

No advance shall be made after June 30, 1968, unless matched by an equal amount from non-Federal sources. Such equal amount may include the unencumbered non-Federal portion of a reserve fund. As used in the preceding sentence, the term “unencumbered non-Federal portion” means the amount (determined as of the time immediately preceding the making of the advance) of the reserve fund less the greater of—

(A) the sum of—

(i) advances made under this section prior to July 1, 1968;

(ii) an amount equal to twice the amount of advances made under this section after June 30, 1968, and before the advance for purposes of which the determination is made; and

(iii) the proceeds of earnings on advances made under this section; or

(B) any amount which is required to be maintained in such fund pursuant to State law or regulation, or by agreement with lenders, as a reserve against the insurance of outstanding loans.

Except as provided in section 1078(c)(10)(E)<sup>1</sup> or (F) of this title, such unencumbered non-Federal portion shall not be subject to recall, repayment, or recovery by the Secretary.

#### (3) Terms and conditions; repayment

Advances pursuant to this subsection shall be upon such terms and conditions (including conditions relating to the time or times of payment) consistent with the requirements of section 1078(b) of this title as the Secretary determines will best carry out the purpose of this section. Advances made by the Secretary under this subsection shall be repaid within such period as the Secretary may deem to be appropriate in each case in the light of the maturity and solvency of the reserve fund for which the advance was made.

#### (b) Limitations on total advances

##### (1) In general

The total of the advances from the sums appropriated pursuant to paragraph (4)(A) of sec-

<sup>1</sup> See References in Text note below.

tion 1071(b) of this title to nonprofit private institutions and organizations for the benefit of students in any State and to such State may not exceed an amount which bears the same ratio to such sums as the population of such State aged 18 to 22, inclusive, bears to the population of all the States aged 18 to 22 inclusive, but such advances may otherwise be in such amounts as the Secretary determines will best achieve the purposes for which they are made. The amount available for advances to any State shall not be less than \$25,000 and any additional funds needed to meet this requirement shall be derived by proportionately reducing (but not below \$25,000) the amount available for advances to each of the remaining States.

**(2) Calculation of population**

For the purpose of this subsection, the population aged 18 to 22, inclusive, of each State and of all the States shall be determined by the Secretary on the basis of the most recent satisfactory data available to him.

**(c) Advances for insurance obligations**

**(1) Use for payment of insurance obligations**

From sums appropriated pursuant to section 1071(b)(4)(B) of this title, the Secretary shall advance to each State which has an agreement with the Secretary under section 1078(c) of this title with respect to a student loan insurance program, an amount determined in accordance with paragraph (2) of this subsection to be used for the purpose of making payments under the State's insurance obligations under such program.

**(2) Amount of advances**

(A) Except as provided in subparagraph (B), the amount to be advanced to each such State shall be equal to 10 percent of the principal amount of loans made by lenders and insured by such agency on those loans on which the first payment of principal became due during the fiscal year immediately preceding the fiscal year in which the advance is made.

(B) The amount of any advance determined according to subparagraph (A) of this paragraph shall be reduced by—

(i) the amount of any advance or advances made to such State pursuant to this subsection at an earlier date; and

(ii) the amount of the unspent balance of the advances made to a State pursuant to subsection (a) of this section.

Notwithstanding subparagraph (A) and the preceding sentence of this subparagraph, but subject to subparagraph (D) of this paragraph, the amount of any advance to a State described in paragraph (5)(A) for the first year of its eligibility under such paragraph, and the amount of any advance to any State described in paragraph (5)(B) for each year of its eligibility under such paragraph, shall not be less than \$50,000.

(C) For the purpose of subparagraph (B), the unspent balance of the advances made to a State pursuant to subsection (a) of this section shall be that portion of the balance of the State's reserve fund (remaining at the time of

the State's first request for an advance pursuant to this subsection) which bears the same ratio to such balance as the Federal advances made and not returned by such State, pursuant to subsection (a) of this section, bears to the total of all past contributions to such reserve funds from all sources (other than interest on investment of any portion of the reserve fund) contributed since the date such State executed an agreement pursuant to section 1078(b) of this title.

(D) If the sums appropriated for any fiscal year for paying the amounts determined under subparagraphs (A) and (B) are not sufficient to pay such amounts in full, then such amounts shall be reduced—

(i) by ratably reducing that portion of the amount allocated to each State which exceeds \$50,000; and

(ii) if further reduction is required, by equally reducing the \$50,000 minimum allocation of each State.

If additional sums become available for paying such amounts for any fiscal year during which the preceding sentence has been applied, such reduced amounts shall be increased on the same basis as they were reduced.

**(3) Use of earnings for insurance obligations**

The earnings, if any, on any investments of advances received pursuant to this subsection must be used for making payments under the State's insurance obligations.

**(4) Repayment of advances**

Advances made by the Secretary under this subsection shall, subject to subsection (d) of this section, be repaid within such period as the Secretary may deem to be appropriate and shall be deposited in the fund established by section 1081 of this title.

**(5) Limitation on number of advances**

Except as provided in paragraph (7), advances pursuant to this subsection shall be made to a State—

(A) in the case of a State which is actively carrying on a program under an agreement pursuant to section 1078(b) of this title which was entered into before October 12, 1976, upon such date as such State may request, but not before October 1, 1977, and on the same day of each of the 2 succeeding calendar years after the date so requested; and

(B) in the case of a State which enters into an agreement pursuant to section 1078(b) of this title on or after October 12, 1976, or which is not actively carrying on a program under an agreement pursuant to such section on such date, upon such date as such State may request, but not before October 1, 1977, and on the same day of each of the 4 succeeding calendar years after the date so requested of the advance.

**(6) Payment of advances where no State program**

(A) If for any fiscal year a State does not have a student loan insurance program covered by an agreement made pursuant to section 1078(b) of this title, and the Secretary determines after consultation with the chief ex-



ecutive officer of that State that there is no reasonable likelihood that the State will have such a student loan insurance program for such year, the Secretary may make advances pursuant to this subsection for such year for the same purpose to one or more nonprofit private institutions or organizations with which he has made an agreement pursuant to subsection (c), as well as subsection (b), of section 1078 of this title and subparagraph (B) of this paragraph in order to enable students in that State to participate in a program of student loan insurance covered by such agreements.

(B) The Secretary may enter into an agreement with a private nonprofit institution or organization for the purpose of this paragraph under which such institution or organization—

(i) agrees to establish within such State at least one office with sufficient staff to handle written and telephone inquiries from students, eligible lenders, and other persons in the State, to encourage maximum commercial lender participation within the State, and to conduct periodic visits to at least the major eligible lenders within the State;

(ii) agrees that its insurance will not be denied any student because of his or her choice of eligible institutions; and

(iii) certifies that it is neither an eligible institution, nor has any substantial affiliation with an eligible institution.

#### **(7) Emergency advances**

The Secretary is authorized to make advances, on terms and conditions satisfactory to the Secretary, to a guaranty agency—

(A) in accordance with section 1078(j) of this title, in order to ensure that the guaranty agency shall make loans as the lender-of-last-resort during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part C of this subchapter; or

(B) if the Secretary is seeking to terminate the guaranty agency's agreement, or assuming the guaranty agency's functions, in accordance with section 1078(c)(10)(F)(v)<sup>2</sup> of this title, in order to assist the agency in meeting its immediate cash needs, ensure the uninterrupted payment of claims, or ensure that the guaranty agency shall make loans as described in subparagraph (A).

#### **(d) Recovery of advances during fiscal years 1988 and 1989**

##### **(1) Amount and use of recovered funds**

Notwithstanding any other provision of this section, advances made by the Secretary under this section shall be repaid in accordance with this subsection and shall be deposited in the fund established by section 1081 of this title. The Secretary shall, in accordance with the requirements of paragraph (2), recover (and so deposit) an amount equal to \$75,000,000 during fiscal year 1988 and an amount equal to \$35,000,000 for fiscal year 1989.

<sup>2</sup> See References in Text note below.

#### **(2) Determination of guaranty agency obligations**

In determining the amount of advances which shall be repaid by a guaranty agency under paragraph (1), the Secretary—

(A) shall consider the solvency and maturity of the reserve and insurance funds of the guaranty agency assisted by such advances, as determined by the Comptroller General taking into account the requirements of State law as in effect on October 17, 1986;

(B) shall not seek repayment of such advances from any State described in subsection (c)(5)(B) of this section during any year of its eligibility under such subsection; and

(C) shall not seek repayment of such advances from any State if such repayment encumbers the reserve fund requirement of State law as in effect on October 17, 1986.

#### **(e) Correction for errors under reduction of excess cash reserves**

##### **(1) In general**

The Secretary shall pay any guaranty agency the amount of reimbursement of claims under section 1078(c)(1) of this title, filed between September 1, 1988, and December 31, 1989, which were previously withheld or canceled in order to be applied to satisfy such agency's obligation to eliminate excess cash reserves held by such agency, based on the maximum cash reserve (as described in subsection (e) of this section as in effect on September 1, 1988) permitted at the end of 1986, if such maximum cash reserve was miscalculated because of erroneous financial information provided by such agency to the Secretary and if (A) such erroneous information is verified by an audited financial statement of the reserve fund, signed by a certified public accountant, and (B) such audited financial statement is provided to the Secretary prior to January 1, 1993.

##### **(2) Amount**

The amount of reimbursement for claims shall be equal to the amount of reimbursement for claims withheld or canceled in order to be applied to such agency's obligation to eliminate excess cash reserves which exceeds the amount of that which would have been withheld or canceled if the maximum excess cash reserves had been accurately calculated.

#### **(f) Refund of cash reserve payments**

The Secretary shall, within 30 days after July 23, 1992, pay the full amount of payments withheld or canceled under paragraph (3) of this subsection to any guaranty agency which—

(1) was required to eliminate excess cash reserves, based on the maximum cash reserve (as described in subsection (e) of this section as in effect on September 1, 1988) permitted at the end of 1986;

(2) appealed the Secretary's demand that such agency should eliminate such excess cash reserves and received a waiver of a portion of the amount of such excess cash reserves to be eliminated;

(3) had payments under section 1078(c)(1) of this title or section 1078(f) of this title pre-

viously withheld or canceled in order to be applied to satisfy such agency's obligation to eliminate excess cash reserves held by such agency, based on the maximum cash reserve (as described in subsection (e) of this section as in effect on September 1, 1988) permitted at the end of 1986; and

(4) according to a Department of Education review that was completed and forwarded to such guaranty agency prior to January 1, 1992, is expected to become insolvent during or before 1996 and the payments withheld or canceled under paragraph (3) of this subsection are a factor in such agency's impending insolvency.

**(g) Preservation and recovery of guaranty agency reserves**

**(1) Authority to recover funds**

Notwithstanding any other provision of law, the reserve funds of the guaranty agencies, and any assets purchased with such reserve funds, regardless of who holds or controls the reserves or assets, shall be considered to be the property of the United States to be used in the operation of the program authorized by this part or the program authorized by part C of this subchapter. However, the Secretary may not require the return of all reserve funds of a guaranty agency to the Secretary unless the Secretary determines that such return is in the best interest of the operation of the program authorized by this part or the program authorized by part C of this subchapter, or to ensure the proper maintenance of such agency's funds or assets or the orderly termination of the guaranty agency's operations and the liquidation of its assets. The reserves shall be maintained by each guaranty agency to pay program expenses and contingent liabilities, as authorized by the Secretary, except that—

(A) the Secretary may direct a guaranty agency to return to the Secretary a portion of its reserve fund which the Secretary determines is unnecessary to pay the program expenses and contingent liabilities of the guaranty agency;

(B) the Secretary may direct the guaranty agency to require the return, to the guaranty agency or to the Secretary, of any reserve funds or assets held by, or under the control of, any other entity, which the Secretary determines are necessary to pay the program expenses and contingent liabilities of the guaranty agency, or which are required for the orderly termination of the guaranty agency's operations and the liquidation of its assets;

(C) the Secretary may direct a guaranty agency, or such agency's officers or directors, to cease any activities involving expenditure, use or transfer of the guaranty agency's reserve funds or assets which the Secretary determines is a misapplication, misuse, or improper expenditure of such funds or assets; and

(D) any such determination under subparagraph (A) or (B) shall be based on standards prescribed by regulations that are developed through negotiated rulemaking and that include procedures for administrative due process.

**(2) Termination provisions in contracts**

(A) To ensure that the funds and assets of the guaranty agency are preserved, any contract with respect to the administration of a guaranty agency's reserve funds, or the administration of any assets purchased or acquired with the reserve funds of the guaranty agency, that is entered into or extended by the guaranty agency, or any other party on behalf of or with the concurrence of the guaranty agency, after August 10, 1993, shall provide that the contract is terminable by the Secretary upon 30 days notice to the contracting parties if the Secretary determines that such contract includes an impermissible transfer of the reserve funds or assets, or is otherwise inconsistent with the terms or purposes of this section.

(B) The Secretary may direct a guaranty agency to suspend or cease activities under any contract entered into by or on behalf of such agency after January 1, 1993, if the Secretary determines that the misuse or improper expenditure of such guaranty agency's funds or assets or such contract provides unnecessary or improper benefits to such agency's officers or directors.

**(3) Penalties**

Violation of any direction issued by the Secretary under this subsection may be subject to the penalties described in section 1097 of this title.

**(4) Availability of funds**

Any funds that are returned or otherwise recovered by the Secretary pursuant to this subsection shall be available for expenditure for expenses pursuant to section 1087h of this title.

(Pub. L. 89-329, title IV, § 422, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1354; amended Pub. L. 100-203, title III, §§ 3001(a), 3002(a), Dec. 22, 1987, 101 Stat. 1330-36, 1330-38; Pub. L. 102-325, title IV, §§ 412, 416(p)(8), July 23, 1992, 106 Stat. 511, 527; Pub. L. 103-66, title IV, §§ 4041(a), (2)(A), 4042, Aug. 10, 1993, 107 Stat. 354, 357; Pub. L. 103-208, § 2(c)(1), Dec. 20, 1993, 107 Stat. 2460.)

**REFERENCES IN TEXT**

Section 1078(c)(10) of this title, referred to in subsecs. (a)(2) and (c)(7)(B), was redesignated section 1078(c)(9) of this title by Pub. L. 103-66, title IV, § 4107(a)(2), Aug. 10, 1993, 107 Stat. 368.

**CODIFICATION**

Amendment by Pub. L. 103-208 (which was effective as if included in Pub. L. 102-325) was executed to this section as amended by Pub. L. 102-325 and Pub. L. 103-66, to reflect the probable intent of Congress.

**PRIOR PROVISIONS**

A prior section 1072, Pub. L. 89-329, title IV, § 422, Nov. 8, 1965, 79 Stat. 1236; Pub. L. 89-752, § 11, Nov. 3, 1966, 80 Stat. 1243; Pub. L. 90-575, title I, § 114(b), (c), Oct. 16, 1968, 82 Stat. 1021, 1022; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2100; Pub. L. 95-43, § 1(a)(11)-(13), June 15, 1977, 91 Stat. 213, 214; Pub. L. 95-561, title XIII, § 1322(a), Nov. 1, 1978, 92 Stat. 2363; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503; Pub. L. 99-272, title XVI, § 16011, Apr. 7, 1986, 100 Stat. 339, authorized advances to establish or strengthen reserve funds of State and nonprofit private loan insurance

programs, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (c)(7). Pub. L. 103-66, §4041(a)(2)(A), substituted “to a guaranty agency—” and subpars. (A) and (B) for “to a guaranty agency in accordance with section 1078(c)(10)(F)(v) of this title in order to assist the agency in meeting its immediate cash needs and ensure the uninterrupted payment of default claims by lenders.”

Subsec. (c)(7)(B). Pub. L. 103-208 substituted a period for semicolon at end. See Codification note above.

Subsec. (g). Pub. L. 103-66, §4042, added subsec. (g).

1992—Subsec. (a)(2). Pub. L. 102-325, §412(1), inserted at end “Except as provided in section 1078(c)(10)(E) or (F) of this title, such unencumbered non-Federal portion shall not be subject to recall, repayment, or recovery by the Secretary.”

Subsec. (c)(5), (7). Pub. L. 102-325, §416(p)(8), substituted “Except as provided in paragraph (7), advances” for “Advances” in par. (5) and added par. (7).

Subsecs. (e), (f). Pub. L. 102-325, §412(2), added subsecs. (e) and (f).

1987—Subsec. (e). Pub. L. 100-203, §3002(a), struck out subsec. (e) which related to reduction of excess cash reserves.

Pub. L. 100-203, §3001(a), added subsec. (e).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Section 3002(a) of Pub. L. 100-203 provided that the amendment made by that section 3002(a) is effective Sept. 30, 1989.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1071, 1073, 1078, 1081, 1087h of this title.

### § 1073. Effects of adequate non-Federal programs

#### (a) Federal insurance barred to lenders with access to State or private insurance

Except as provided in subsection (b) of this section, the Secretary shall not issue certificates of insurance under section 1079 of this title to lenders in a State if the Secretary determines that every eligible institution has reasonable access in that State to a State or private non-profit student loan insurance program which is covered by an agreement under section 1078(b) of this title.

#### (b) Exceptions

The Secretary may issue certificates of insurance under section 1079 of this title to a lender in a State—

(1) for insurance of a loan made to a student borrower who does not, by reason of the borrower's residence, have access to loan insurance under the loan insurance program of such State (or under any private nonprofit loan insurance program which has received an advance under section 1072 of this title for the benefit of students in such State);

(2) for insurance of all the loans made to student borrowers by a lender who satisfies the Secretary that, by reason of the residence of such borrowers, such lender will not have access to any single State or nonprofit private

loan insurance program which will insure substantially all of the loans such lender intends to make to such student borrowers; or

(3) under such circumstances as may be approved by the guaranty agency in such State, for the insurance of a loan to a borrower for whom such lender previously was issued such a certificate if the loan covered by such certificate is not yet repaid.

(Pub. L. 89-329, title IV, §423, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1358.)

#### PRIOR PROVISIONS

A prior section 1073, Pub. L. 89-329, title IV, §423, Nov. 8, 1965, 79 Stat. 1237; Pub. L. 90-575, title I, §119(a), Oct. 16, 1968, 82 Stat. 1026; Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2103; Pub. L. 95-43, §1(a)(14), June 15, 1977, 91 Stat. 214; Pub. L. 96-374, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, limited participation in Federal loan insurance programs, prior to the general revision of this part by Pub. L. 99-498.

### § 1074. Scope and duration of Federal loan insurance program

#### (a) Limitations on amounts of loans covered by Federal insurance

The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 1085 of this title) to students covered by Federal loan insurance under this part shall not exceed \$2,000,000,000 for the period from July 1, 1976, to September 30, 1976, and for each of the succeeding fiscal years ending prior to October 1, 1998. Thereafter, Federal loan insurance pursuant to this part may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this part, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after September 30, 2002.

#### (b) Apportionment of amounts

The Secretary may, if he or she finds it necessary to do so in order to assure an equitable distribution of the benefits of this part, assign, within the maximum amounts specified in subsection (a) of this section, Federal loan insurance quotas applicable to eligible lenders, or to States or areas, and may from time to time reassign unused portions of these quotas.

(Pub. L. 89-329, title IV, §424, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1358; amended Pub. L. 102-325, title IV, §411(b)(1), July 23, 1992, 106 Stat. 510.)

#### PRIOR PROVISIONS

A prior section 1074, Pub. L. 89-329, title IV, §424, Nov. 8, 1965, 79 Stat. 1237; Pub. L. 90-460, §1(a)(1), Aug. 3, 1968, 82 Stat. 634; Pub. L. 90-575, title I, §112(a), Oct. 16, 1968, 82 Stat. 1020; Pub. L. 92-318, title I, §132(a), June 23, 1972, 86 Stat. 261; Pub. L. 94-328, §2(a), June 30, 1976, 90 Stat. 727; Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2103; Pub. L. 96-374, title IV, §411(a), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1415, 1503; Pub. L. 99-272, title XVI, §16018(a)(1), Apr. 7, 1986, 100 Stat. 348, related to new loans under Federal loan insurance program, prior to the general revision of this part by Pub. L. 99-498.

## AMENDMENTS

1992—Subsec. (a). Pub. L. 102-325 substituted “October 1, 1998” for “October 1, 1992” and “September 30, 2002” for “September 30, 1997”.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1078-3, 1079 of this title.

**§ 1075. Limitations on individual federally insured loans and on Federal loan insurance**

**(a) Annual and aggregate limits**

**(1) Annual limits**

(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) \$2,625, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this title);

(II) \$1,750, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such an academic year; and

(III) \$875, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year;

(ii) in the case of a student at an eligible institution who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate education—

(I) \$3,500; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year;

(iii) in the case of a student at an eligible institution who has successfully completed the first and second years of a program of undergraduate education but has not successfully completed the remainder of such program—

(I) \$5,500; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year;

(iv) in the case of a graduate or professional student (as defined in regulations of the Secretary) at an eligible institution, \$8,500.

(B) The annual insurable limits contained in subparagraph (A) shall not apply in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education. The annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

(C) For the purpose of subparagraph (A), the number of years that a student has completed in a program of undergraduate education shall include any prior enrollment in an eligible program of undergraduate education for which the student was awarded an associate or baccalaureate degree, if such degree is required by the institution for admission to the program in which the student is enrolled.

**(2) Aggregate limits**

(A) The aggregate insured unpaid principal amount for all such insured loans made to any student shall not at any time exceed—

(i) \$23,000, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 1078-1<sup>1</sup> or 1078-2 of this title; and

(ii) \$65,500, in the case of any graduate or professional student (as defined by regulations of the Secretary) and (I) including any loans which are insured by the Secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student,<sup>2</sup> but (II) excluding loans made under section 1078-1<sup>1</sup> or 1078-2 of this title,

except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive.

(B) The Secretary may increase the aggregate insurable limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive.

**(b) Level of insurance coverage based on default rate**

**(1) Reduction for defaults in excess of 5 or 9 percent**

(A) Except as provided in subparagraph (B), the insurance liability on any loan insured by the Secretary under this part shall be 100 percent of the unpaid balance of the principal amount of the loan plus interest, except that—

(i) if, for any fiscal year, the total amount of payments under section 1080 of this title by the Secretary to any eligible lender as described in section 1085(d)(1)(D) of this title exceeds 5 percent of the sum of the loans made by such lender which are insured by the Secretary and which were in repayment at the end of the preceding fiscal year, the insurance liability under this subsection for

<sup>1</sup> See References in Text note below.

<sup>2</sup> So in original. There is no opening parenthesis.

that portion of such excess which represents loans insured after the applicable date with respect to such loans, as determined under subparagraph (C), shall be equal to 90 percent of the amount of such portion; or

(ii) if, for any fiscal year, the total amount of such payments to such a lender exceeds 9 percent of such sum, the insurance liability under this subsection for that portion of such excess which represents loans insured after the applicable date with respect to such loans, as determined under subparagraph (C), shall be equal to 80 percent of the amount of such portion.

(B) Notwithstanding subparagraph (A), the provisions of clauses (i) and (ii) of such subparagraph shall not apply to an eligible lender as described in section 1085(d)(1)(D) of this title for the fiscal year in which such lender begins to carry on a loan program insured by the Secretary, or for any of the 4 succeeding fiscal years.

(C) The applicable date with respect to a loan made by an eligible lender as described in section 1085(d)(1)(D) of this title shall be—

(i) the 90th day after the adjournment of the next regular session of the appropriate State legislature which convenes after October 12, 1976, or

(ii) if the primary source of lending capital for such lender is derived from the sale of bonds, and the constitution of the appropriate State prohibits a pledge of such State's credit as security against such bonds, the day which is one year after such 90th day.

## (2) Computation of amounts in repayment

For the purpose of this subsection, the sum of the loans made by a lender which are insured by the Secretary and which are in repayment shall be the original principal amount of loans made by such lender which are insured by the Secretary reduced by—

(A) the amount the Secretary has been required to pay to discharge his or her insurance obligations under this part;

(B) the original principal amount of loans insured by the Secretary which have been fully repaid;

(C) the original principal amount insured on those loans for which payment of first installment of principal has not become due pursuant to section 1077(a)(2)(B) of this title or such first installment need not be paid pursuant to section 1077(a)(2)(C) of this title; and

(D) the original principal amount of loans repaid by the Secretary under section 1087 of this title.

## (3) Payments to assignees

For the purpose of this subsection, payments by the Secretary under section 1080 of this title to an assignee of the lender with respect to a loan shall be deemed payments made to such lender.

## (4) Pledge of full faith and credit

The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under the provisions of section 1080 or 1087 of this title.

(Pub. L. 89-329, title IV, § 425, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1359; amended Pub. L. 100-50, § 10(a), June 3, 1987, 101 Stat. 341; Pub. L. 102-325, title IV, § 413, July 23, 1992, 106 Stat. 512; Pub. L. 103-208, § 2(c)(2), (3), Dec. 20, 1993, 107 Stat. 2460, 2461.)

## REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsec. (a)(2)(A), was repealed by Pub. L. 103-66, title IV, § 4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

## PRIOR PROVISIONS

A prior section 1075, Pub. L. 89-329, title IV, § 425, Nov. 8, 1965, 79 Stat. 1238; Pub. L. 90-575, title I, § 116(b)(1), 120(a)(2), Oct. 16, 1968, 82 Stat. 1023, 1027; Pub. L. 92-318, title I, §§ 132A(a), 132B(a), June 23, 1972, 86 Stat. 261, 262; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2104; Pub. L. 95-43, § 1(a)(15)-(17), June 15, 1977, 91 Stat. 214; Pub. L. 95-566, § 5(b)(2), Nov. 1, 1978, 92 Stat. 2403; Pub. L. 96-374, title IV, § 412(a), (b), (f), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1416, 1417, 1503; Pub. L. 97-35, title V, § 535(a), (b), Aug. 13, 1981, 95 Stat. 455; Pub. L. 99-272, title XVI, § 16013(e)(1), Apr. 7, 1986, 100 Stat. 341, limited Federal loan insurance, prior to the general revision of this part by Pub. L. 99-498.

## AMENDMENTS

1993—Subsec. (a)(1)(A)(ii), (iii). Pub. L. 103-208, § 2(c)(2)(A), added cls. (ii) and (iii) and struck out former cls. (ii) and (iii) which read as follows:

“(ii) the case of a student who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate study—

“(I) \$3,500, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this title);

“(II) \$2,325, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such an academic year; and

“(III) \$1,175, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year;

“(iii) in the case of a student at an eligible institution who has successfully completed such first and second year but has not successfully completed the remainder of a program of undergraduate study—

“(I) \$5,500, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this title);

“(II) \$3,675, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such an academic year; and

“(III) \$1,825, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year; and”.

Subsec. (a)(1)(A)(iv). Pub. L. 103-208, § 2(c)(2)(B), substituted a period for semicolon at end.

Subsec. (a)(1)(C). Pub. L. 103-208, § 2(c)(3), added subpar. (C).

1992—Subsec. (a)(1)(A). Pub. L. 102-325, § 413(1), added cls. (i) to (iv) and struck out former cls. (i) to (iii) which read as follows:

“(i) \$2,625, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

“(ii) \$4,000, in the case of a student who has successfully completed such first and second year but who has not successfully completed the remainder of a program of undergraduate education; or

“(iii) \$7,500, in the case of a graduate or professional student (as defined in regulations of the Secretary).”

Subsec. (a)(2)(A). Pub. L. 102-325, § 413(2), added cls. (i) and (ii) and concluding provision and struck out former cls. (i) and (ii) which read as follows:

“(i) \$17,250, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 1078-1 or 1078-2 of this title; and

“(ii) \$54,750, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such person before he or she became a graduate or professional student), excluding loans made under section 1078-1 or 1078-2 of this title.”

1987—Subsec. (a)(2)(A)(i). Pub. L. 100-50, §10(a)(1), inserted “, excluding loans made under section 1078-1 or 1078-2 of this title” after “undergraduate education”.

Subsec. (a)(2)(A)(ii). Pub. L. 100-50, §10(a)(2), inserted “, excluding loans made under section 1078-1 or 1078-2 of this title” after “graduate or professional student”).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by section 2(c)(2) of Pub. L. 103-208 effective on and after July 1, 1994 and amendment by section 2(c)(3) of Pub. L. 103-208 effective on and after Dec. 20, 1993, see section 5(b)(2), (6) of Pub. L. 103-208 set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective July 23, 1992, with changes made in subsec. (a), relating to annual and aggregate loan limits, applicable with respect to loans for which first disbursement is made on or after July 1, 1993, except that changes made in subsec. (a)(1)(A)(i) applicable with respect to loans for which first disbursement is made on or after Oct. 1, 1992, and except that changes made in subsec. (a)(1)(A)(iv) applicable with respect to loans to cover costs of instruction for periods of enrollment beginning on or after Oct. 1, 1993, see section 432 of Pub. L. 102-325, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except that subsec. (a) of this section applicable only to loans disbursed on or after Jan. 1, 1987, or made to cover the costs of instruction for periods of enrollment beginning on or after Jan. 1, 1987, see section 402(b) of Pub. L. 99-498, set out as a note under section 1071 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1078-3, 1080, 1094 of this title.

### § 1076. Sources of funds

Loans made by eligible lenders in accordance with this part shall be insurable by the Secretary whether made from funds fully owned by the lender or from funds held by the lender in a trust or similar capacity and available for such loans.

(Pub. L. 89-329, title IV, §426, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1361.)

#### PRIOR PROVISIONS

A prior section 1076, Pub. L. 89-329, title IV, §426, Nov. 8, 1965, 79 Stat. 1238; Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2106; Pub. L. 96-374, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to insurability of loans made from funds owned by lender or held by lender in trust, prior to the general revision of this part by Pub. L. 99-498.

### § 1077. Eligibility of student borrowers and terms of federally insured student loans

#### (a) List of requirements

Except as provided in section 1078-3 of this title, a loan by an eligible lender shall be insurable by the Secretary under the provisions of this part only if—

(1) made to a student who (A) is an eligible student under section 1091 of this title, (B) has agreed to notify promptly the holder of the loan concerning any change of address, and (C) is carrying at least one-half the normal full-time academic workload for the course of study the student is pursuing (as determined by the institution); and

(2) evidenced by a note or other written agreement which—

(A) is made without security and without endorsement;

(B) provides for repayment (except as provided in subsection (c) of this section) of the principal amount of the loan in installments over a period of not less than 5 years (unless sooner repaid or unless the student, during the 6 months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than 10 years beginning 6 months after the month in which the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, except—

(i) as provided in subparagraph (C);

(ii) that the note or other written instrument may contain such reasonable provisions relating to repayment in the event of default in the payment of interest or in the payment of the cost of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made; and

(iii) that the lender and the student, after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, may agree to a repayment schedule which begins earlier, or is of shorter duration, than required by this subparagraph, but in the event a borrower has requested and obtained a repayment period of less than 5 years, the borrower may at any time prior to the total repayment of the loan, have the repayment period extended so that the total repayment period is not less than 5 years;

(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

(i) during which the borrower—

(I) is pursuing at least a half-time course of study as determined by an eligible institution; or

(II) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for individuals with disabilities approved by the Secretary,

except that no borrower shall be eligible for a deferment under this clause, or a loan made under this part (other than a loan made under section 1078-2 or 1078-3 of this title), while serving in a medical internship or residency program;

(ii) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment; or

(iii) not in excess of 3 years for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 1085(o) of this title, has caused or will cause the borrower to have an economic hardship;

and provides that any such period shall not be included in determining the 10-year period described in subparagraph (B);

(D) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the applicable maximum rate prescribed in section 1077a of this title, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the student may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest accrued during that period may be added on that date to the principal;

(E) provides that the lender will not collect or attempt to collect from the borrower any portion of the interest on the note which is payable by the Secretary under this part, and that the lender will enter into such agreements with the Secretary as may be necessary for the purpose of section 1087 of this title;

(F) entitles the student borrower to accelerate without penalty repayment of the whole or any part of the loan;

(G)(i) contains a notice of the system,<sup>1</sup> of disclosure of information concerning such loan to credit bureau organizations under section 1080a of this title, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations;

(H) provides that, no more than 6 months prior to the date on which the borrower's first payment on a loan is due, the lender shall offer the borrower the option of repaying the loan in accordance with a graduated or income-sensitive repayment schedule established by the lender and in accordance with the regulations of the Secretary; and

(I) contains such other terms and conditions, consistent with the provisions of this part and with the regulations issued by the Secretary pursuant to this part, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Secretary with respect to such loan;

(3) the funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except—

(A) that nothing in this subchapter and part C of subchapter I of chapter 34 of title 42 shall be interpreted—

(i) to allow the Secretary to require checks to be made copayable to the institution and the borrower; or

(ii) to prohibit the disbursement of loan proceeds by means other than by check; and

(B) in the case of any student who is studying outside the United States in a program of study abroad that is approved for credit by the home institution at which such student is enrolled, the funds shall, at the request of the borrower, be delivered directly to the student and the checks may be endorsed, and fund transfers authorized, pursuant to an authorized power-of-attorney; and

(4) the funds borrowed by a student are disbursed in accordance with section 1078-7 of this title.

#### **(b) Special rules for multiple disbursement**

For the purpose of subsection (a)(4) of this section—

(1) all loans issued for the same period of enrollment shall be considered as a single loan; and

(2) the requirements of such subsection shall not apply in the case of a loan made under section 1078-2 or 1078-3 of this title, or made to a student to cover the cost of attendance at an eligible institution outside the United States.

#### **(c) Special repayment rules**

Except as provided in subsection (a)(2)(H) of this section, the total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this part shall not, unless the borrower and the lender otherwise agree, be less than \$600 or the balance of all such loans (together with interest thereon), whichever amount is less (but in no instance less than the amount of interest due and payable).

#### **(d) Borrower information**

The lender shall obtain the borrower's driver's license number, if any, at the time of application for the loan.

(Pub. L. 89-329, title IV, § 427, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1361; amended Pub. L. 100-50, § 10(b), (c), June 3, 1987, 101 Stat. 341; Pub. L. 100-369, §§ 5(b)(1), 7(c), 11(a), July 18, 1988, 102 Stat. 836-838; Pub. L. 101-239, title II, §§ 2002(a)(1), 2004(b)(2), Dec. 19, 1989, 103 Stat. 2111, 2116; Pub. L. 102-164, title VI, §§ 601(a), 602(a), Nov. 15, 1991, 105 Stat. 1065, 1066; Pub. L. 102-325, title IV, § 414, July 23, 1992, 106 Stat. 513; Pub. L. 103-208, § 2(c)(4), Dec. 20, 1993, 107 Stat. 2461.)

#### **PRIOR PROVISIONS**

A prior section 1077, Pub. L. 89-329, title IV, § 427, Nov. 8, 1965, 79 Stat. 1238; Pub. L. 89-794, title XI, § 1101(b)(1),

<sup>1</sup> So in original. The comma probably should not appear.

Nov. 8, 1966, 80 Stat. 1476; Pub. L. 90-460, §2(a)(1), Aug. 3, 1968, 82 Stat. 635; Pub. L. 90-575, title I, §§113(b)(2), 116(b)(2), 117(c), 120(c)(2), Oct. 16, 1968, 82 Stat. 1021, 1023, 1026, 1027; Pub. L. 92-318, title I, §§132B(b), 132C(c), June 23, 1972, 86 Stat. 262, 263; Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2106; Pub. L. 95-43, §1(a)(9), (18), June 15, 1977, 91 Stat. 213, 214; Pub. L. 95-566, §5(a)(1), Nov. 1, 1978, 92 Stat. 2403; Pub. L. 96-374, title IV, §§413(a), (c), 415(a)(2), (b)(1), 416(a)(2), 423(a)(1), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1417-1421, 1432, 1503; Pub. L. 97-35, title V, §537(b)(1), (d)(2), (e)(1), Aug. 13, 1981, 95 Stat. 456, 457; Pub. L. 98-79, §10(a), Aug. 15, 1983, 97 Stat. 484; Pub. L. 99-272, title XVI, §§16012(a), 16013(b), 16017(b)(1), Apr. 7, 1986, 100 Stat. 339, 340, 347, set out conditions for Federal loan insurance, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (a)(2)(C)(i). Pub. L. 103-208 inserted “section” before “1078-2 or 1078-3”.

1992—Subsec. (a)(2)(A). Pub. L. 102-325, §414(a), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “is made without security and without endorsement, except that prior to making a loan insurable by the Secretary under this part a lender shall—

“(i) obtain a credit report, from at least one national credit bureau organization, with respect to a loan applicant who will be at least 21 years of age as of July 1 of the award year for which assistance is being sought, for which the lender may charge the applicant an amount not to exceed the lesser of \$25 or the actual cost of obtaining the credit report; and

“(ii) require an applicant of the age specified in clause (i) who, in the judgment of the lender in accordance with the regulations of the Secretary, has an adverse credit history, to obtain a credit worthy cosigner in order to obtain the loan, provided that, for purposes of this clause, an insufficient or non-existent credit history may not be considered to be an adverse credit history;”.

Subsec. (a)(2)(C). Pub. L. 102-325, §414(b), amended subpar. (C) generally, revising and restating as cls. (i) to (iii) provisions formerly contained in cls. (i) to (xi).

Subsec. (a)(2)(G) to (I). Pub. L. 102-325, §414(c)(1), struck out “and” at end of subpar. (G), added subpar. (H), and redesignated former subpar. (H) as (I).

Subsec. (a)(3). Pub. L. 102-325, §414(d), amended par. (3) generally. Prior to amendment, par. (3) read as follows: “the funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this subchapter and part C of subchapter I of chapter 34 of title 42 shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check; and”.

Subsec. (c). Pub. L. 102-325, §414(c)(2), (e), substituted “Special repayment rules” for “Minimum repayment rate” in heading and in text “Except as provided in subsection (a)(2)(H) of this section, the total” for “The total” and “(but in no instance less than the amount of interest due and payable)” for “, except that in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than \$600 or the balance of all such loans, whichever is less”.

1991—Subsec. (a)(2)(A). Pub. L. 102-164, §601(a), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by the borrower would not, under the applicable law, create a binding obligation, endorsement may be required;”.

Subsec. (d). Pub. L. 102-164, §602(a), added subsec. (d).

1989—Subsec. (a)(2)(C)(i). Pub. L. 101-239, §2002(a)(1), inserted before semicolon at end “, except that no borrower shall be eligible for a deferment under this

clause, or a loan made under this part (other than a loan made under section 1078-2 or 1078-3 of this title), while serving in a medical internship or residency program”.

Subsec. (a)(4). Pub. L. 101-239, §2004(b)(2), amended par. (4) generally. Prior to amendment, par. (4) read as follows: “in the case of any loan made for any period of enrollment that ends more than 180 days (or 6 months) after the date disbursement is scheduled to occur, and for an amount of \$1,000 or more, the proceeds of the loan will, subject to subsection (b) of this section, be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the second installment being disbursed after not less than one-third of such period (except as necessary to permit the second installment to be disbursed at the beginning of the second semester, quarter, or similar division of such period of enrollment).”

1988—Subsec. (a)(2)(C)(v). Pub. L. 100-369, §7(c), substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

Subsec. (a)(2)(C)(vii). Pub. L. 100-369, §11(a), inserted “after January 1, 1986,” after “service”.

Subsec. (b)(2). Pub. L. 100-369, §5(b)(1), substituted “section 1078-2 or 1078-3” for “section 1078-1, 1078-2, or 1078-3”.

1987—Subsec. (a)(2)(C)(vi). Pub. L. 100-50, §10(b)(1), inserted “nonprofit” before “private”.

Subsec. (a)(2)(C)(vii). Pub. L. 100-50, §10(b)(2), inserted “or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training” before semicolon at end.

Subsec. (a)(4). Pub. L. 100-50, §10(c), substituted “\$1,000 or more” for “more than \$1,000”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective July 23, 1992, except that changes made in subsec. (a)(2)(C), relating to deferments, applicable with respect to loans for which first disbursement is made on or after July 1, 1993, to an individual who is a new borrower on date such individual applies for a loan, and except that changes made in subsec. (a)(2)(H), relating to offering graduated or income sensitive repayment options, applicable with respect to loans for which first disbursement is made on or after July 1, 1993, to an individual who is a new borrower on date such individual applies for a loan, see section 432 of Pub. L. 102-325, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 2002(a)(4) of Pub. L. 101-239 provided that: “The amendments made by this subsection [amending this section and sections 1078 and 1087dd of this title] shall apply to any loan made, insured, or guaranteed under part B or part E of title IV of the Higher Education Act of 1965 [20 U.S.C. 1071 et seq., 1087aa et seq.], including a loan made before the enactment of this Act [Dec. 19, 1989], and shall take effect on January 1, 1990, except that such amendments shall not apply with respect to any portion of a period of deferment granted to a borrower under section 427(a)(2)(C)(i), 428(b)(1)(M)(i), or 464(c)(2)(A)(i) of the Higher Education Act of 1965 [sections 1077(a)(2)(C)(i), 1078(b)(1)(M)(i), 1087dd(c)(2)(A)(i) of this title] for service in a medical internship or residency program that is completed prior to the effective date of this section [Dec. 19, 1989].”



Section 2004(c) of Pub. L. 101-239 provided that: “The amendments made by this section [enacting section 1078-7 of this title and amending this section and section 1078 of this title] shall apply with respect to loans made to cover the cost of instruction for periods of enrollment beginning on or after January 1, 1990.”

#### EFFECTIVE DATE OF 1988 AMENDMENT

Section 11(b) of Pub. L. 100-369 provided that: “The amendments made by subsection (a) [amending this section and section 1078 of this title] and section 10(b) of the Higher Education Technical Amendments Act of 1987 [section 10(b) of Pub. L. 100-50, amending this section and section 1078 of this title] shall apply with respect to loans made, insured or guaranteed under part B of the Higher Education Act of 1965 [probably means part B of title IV of Pub. L. 89-329 which is classified to this part], on, before, or after the date of enactment of the Higher Education Technical Amendments Act of 1987 [June 3, 1987].”

Amendment by section 5(b)(1) of Pub. L. 100-369 effective with respect to loans made on or after Oct. 1, 1988, and amendment by section 7(c) of Pub. L. 100-369 effective July 18, 1988, see section 13(b) of Pub. L. 100-369, set out as a note under section 1091 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by section 10(b) of Pub. L. 100-50 applicable with respect to loans made, insured or guaranteed under this part on, before, or after June 3, 1987, see section 11(b) of Pub. L. 100-369, set out as an Effective Date of 1988 Amendment note above.

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except that subsec. (a)(2)(C) (other than cls. (viii), (ix), and (x) thereof) of this section shall apply only to loans to new borrowers made to cover the costs of instruction for periods of enrollment beginning on or after July 1, 1987, or disbursed on or after July 1, 1987, see section 402(b) of Pub. L. 99-498, set out as a note under section 1071 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1071, 1075, 1077a, 1078, 1078-2, 1078-8, 1085, 1087e of this title.

### § 1077a. Applicable interest rates

#### (a) Rates to be consistent for borrower's entire debt

With respect to any loan to cover the cost of instruction for any period of instruction beginning on or after January 1, 1981, the rate of interest applicable to any borrower shall—

(1) not exceed 7 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has an outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, for which the interest rate does not exceed 7 percent;

(2) except as provided in paragraph (3), be 9 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has no outstanding balance of principal or interest on any loan described in paragraph (1) or any loan for which the interest rate is determined under paragraph (1); or

(3) be 8 percent per year on the unpaid principal balance of the loan for a loan to cover

the cost of education for any period of enrollment beginning on or after a date which is 3 months after a determination made under subsection (b) of this section in the case of any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan for which the interest rate is determined under paragraph (1) or (2) of this subsection.

#### (b) Reduction for new borrowers after decline in Treasury bill rates

If for any 12-month period beginning on or after January 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period is equal to or less than 9 percent, the interest rate for loans under this part shall be the rate prescribed in subsection (a)(3) of this section for borrowers described in such subsection.

#### (c) Rates for supplemental loans for students and loans for parents

##### (1) In general

Except as otherwise provided in this subsection, the applicable rate of interest on loans made pursuant to section 1078-1<sup>1</sup> or 1078-2 of this title on or after October 1, 1981, shall be 14 percent per year on the unpaid principal balance of the loan.

##### (2) Reduction of rate after decline in Treasury bill rates

If for any 12-month period beginning on or after October 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period is equal to or less than 14 percent, the applicable rate of interest for loans made pursuant to section 1078-1<sup>1</sup> or 1078-2 of this title on and after the first day of the first month beginning after the date of publication of such determination shall be 12 percent per year on the unpaid principal balance of the loan.

##### (3) Increase of rate after increase in Treasury bill rates

If for any 12-month period beginning on or after the date of publication of a determination under paragraph (2), the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 12-month period exceeds 14 percent, the applicable rate of interest for loans made pursuant to section 1078-1<sup>1</sup> or 1078-2 of this title on and after the first day of the first month beginning after the date of publication of that determination under this paragraph shall be 14 percent per year on the unpaid principal balance of the loan.

##### (4) Availability of variable rates

(A) For any loan made pursuant to section 1078-1<sup>1</sup> or 1078-2 of this title and disbursed on

<sup>1</sup> See References in Text note below.

or after July 1, 1987, or any loan made pursuant to such section prior to such date that is refinanced pursuant to section 1078-1(d)<sup>1</sup> or 1078-2(d) of this title, the applicable rate of interest during any 12-month period beginning on July 1 and ending on June 30 shall be determined under subparagraph (B), except that such rate shall not exceed 12 percent.

(B) For any 12-month period beginning on July 1 and ending on June 30, the rate determined under this subparagraph is determined on the preceding June 1 and is equal to—

- (i) the bond equivalent rate of 52-week Treasury bills auctioned at the final auction held prior to such June 1; plus
- (ii) 3.25 percent.

(C) The Secretary shall determine the applicable rate of interest under subparagraph (B) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

(D) Notwithstanding subparagraph (A)—

(i) for any loan made pursuant to section 1078-1<sup>1</sup> of this title for which the first disbursement is made on or after October 1, 1992—

(I) subparagraph (B) shall be applied by substituting “3.1” for “3.25”; and

(II) the interest rate shall not exceed 11 percent; and

(ii) for any loan made pursuant to section 1078-2 of this title for which the first disbursement is made on or after October 1, 1992—

(I) subparagraph (B) shall be applied by substituting “3.1” for “3.25”; and

(II) the interest rate shall not exceed 10 percent.

(E) Notwithstanding subparagraphs (A) and (D) for any loan made pursuant to section 1078-2 of this title for which the first disbursement is made on or after July 1, 1994—

(i) subparagraph (B) shall be applied by substituting “3.1” for “3.25”; and

(ii) the interest rate shall not exceed 9 percent.

**(d) Interest rates for new borrowers after July 1, 1988**

Notwithstanding subsections (a) and (b) of this section, with respect to any loan (other than a loan made pursuant to sections 1078-1,<sup>1</sup> 1078-2, and 1078-3 of this title) to cover the cost of instruction for any period of enrollment beginning on or after July 1, 1988, to any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, the applicable rate of interest shall be—

(1) 8 percent per year on the unpaid principal balance of the loan during the period beginning on the date of the disbursement of the loan and ending 4 years after the commencement of repayment; and

(2) 10 percent per year on the unpaid principal balance of the loan during the remainder of the repayment period.

**(e) Interest rates for new borrowers after October 1, 1992**

**(1) In general**

Notwithstanding subsections (a), (b), and (d) of this section, with respect to any loan (other than a loan made pursuant to sections 1078-1,<sup>2</sup> 1078-2 and 1078-3 of this title) for which the first disbursement is made on or after October 1, 1992, to any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under section 1077, 1078, or 1078-8 of this title, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(B) 3.10 percent,

except that such rate shall not exceed 9 percent.

**(2) Consultation**

The Secretary shall determine the applicable rate of interest under paragraph (1) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

**(f) Interest rates for new loans after July 1, 1994**

**(1) In general**

Notwithstanding subsections (a), (b), (d), and (e) of this section, with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to section 1078-2 or 1078-3 of this title) for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(B) 3.10 percent,

except that such rate shall not exceed 8.25 percent.

**(2) Consultation**

The Secretary shall determine the applicable rate of interest under paragraph (1) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

**(g) In school and grace period rules**

**(1) General rule**

Notwithstanding the provisions of subsection (f) of this section, but subject to subsection (h) of this section, with respect to any loan under section 1078 or 1078-8 of this title for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

<sup>2</sup> See References in Text note below.

(A) prior to the beginning of the repayment period of the loan; or

(B) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 1078(b)(1)(M) or 1077(a)(2)(C) of this title,

shall not exceed the rate determined under paragraph (2).

**(2) Rate determination**

For purposes of paragraph (1), the rate determined under this paragraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction prior to such June 1; plus

(B) 2.5 percent,

except that such rate shall not exceed 8.25 percent.

**(3) Consultation**

The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

**(h) Interest rates for new loans after July 1, 1998**

**(1) In general**

Notwithstanding subsections (a), (b), (d), (e), (f), and (g) of this section, with respect to any loan made, insured, or guaranteed under this part (other than a loan made pursuant to sections 1078-2 and 1078-3 of this title) for which the first disbursement is made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of the securities with a comparable maturity as established by the Secretary; plus

(B) 1.0 percent,

except that such rate shall not exceed 8.25 percent.

**(2) Interest rates for new plus loans after July 1, 1998**

Notwithstanding subsections (a), (b), (d), (e), (f), and (g) of this section, with respect to any loan made under section 1078-2 of this title for which the first disbursement is made on or after July 1, 1998, paragraph (1) shall be applied—

(A) by substituting “2.1 percent” for “1.0 percent” in subparagraph (B); and

(B) by substituting “9.0 percent” for “8.25 percent” in the matter following such subparagraph.

**(3) Consultation**

The Secretary shall determine the applicable rate of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

**(i) Treatment of excess interest payments on new borrower accounts resulting from decline in Treasury bill rates**

**(1) Excess interest on 10 percent loans**

If, with respect to a loan for which the applicable interest rate is 10 percent under subsection (d) of this section at the close of any calendar quarter, the sum of the average of the bond equivalent rates of 91-day Treasury bills auctioned for that quarter and 3.25 percent is less than 10 percent, then an adjustment shall be made to a borrower's account—

(A) by calculating excess interest in the amount computed under paragraph (2) of this subsection; and

(B)(i) during any period in which a student is eligible to have interest payments paid on his or her behalf by the Government pursuant to section 1078(a) of this title, by crediting the excess interest to the Government; or

(ii) during any other period, by crediting such excess interest to the reduction of principal to the extent provided in paragraph (5) of this subsection.

**(2) Amount of adjustment for 10 percent loans**

The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

(A) 10 percent minus the sum of (i) the average of the bond equivalent rates of 91-day Treasury bills auctioned for such calendar quarter, and (ii) 3.25 percent; multiplied by

(B) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

(C) four.

**(3) Excess interest on loans after 1992 amendments, to borrowers with outstanding balances**

If, with respect to a loan made on or after July 23, 1992, to a borrower, who on the date of entering into the note or other written evidence of the loan, has an outstanding balance of principal or interest on any other loan made, insured, or guaranteed under this part, the sum of the average of the bond equivalent rates of 91-day Treasury bills auctioned for that quarter and 3.1 percent is less than the applicable interest rate, then an adjustment shall be made—

(A) by calculating excess interest in the amount computed under paragraph (4) of this subsection; and

(B)(i) during any period in which a student is eligible to have interest payments paid on his or her behalf by the Government pursuant to section 1078(a) of this title, by crediting the excess interest to the Government; or

(ii) during any other period, by crediting such excess interest to the reduction of principal to the extent provided in paragraph (5) of this subsection.

**(4) Amount of adjustment**

The amount of any adjustment of interest on a loan to be made under this subsection for any quarter shall be equal to—

(A) the applicable interest rate minus the sum of (i) the average of the bond equivalent rates of 91-day Treasury bills auctioned for such calendar quarter, and (ii) 3.1 percent; multiplied by

(B) the average daily principal balance of the loan (not including unearned interest added to principal) during such calendar quarter; divided by

(C) four.

**(5) Annual adjustment of interest and borrower eligibility for credit**

Any adjustment amount computed pursuant to paragraphs (2) and (4) of this subsection for any quarter shall be credited, by the holder of the loan on the last day of the calendar year in which such quarter falls, to the loan account of the borrower so as to reduce the principal balance of such account. No such credit shall be made to the loan account of a borrower who on the last day of the calendar year is delinquent for more than 30 days in making a required payment on the loan, but the excess interest shall be calculated and credited to the Secretary. Any credit which is to be made to a borrower's account pursuant to this subsection shall be made effective commencing no later than 30 days following the last day of the calendar year in which the quarter falls for which the credit is being made. Nothing in this subsection shall be construed to require refunding any repayment of a loan. At the option of the lender, the amount of such adjustment may be distributed to the borrower either by reduction in the amount of the periodic payment on loan, by reducing the number of payments that shall be made with respect to the loan, or by reducing the amount of the final payment of the loan. Nothing in this paragraph shall be construed to require the lender to make additional disclosures pursuant to section 1083(b) of this title.

**(6) Publication of Treasury bill rate**

For the purpose of enabling holders of loans to make the determinations and adjustments provided for in this subsection, the Secretary shall for each calendar quarter commencing with the quarter beginning on July 1, 1987, publish a notice of the average of the bond equivalent rates of 91-day Treasury bills auctioned for such quarter. Such notice shall be published not later than 7 days after the end of the quarter to which the notice relates.

**(7) Conversion to variable rate**

(A) Subject to subparagraphs (C) and (D), a lender or holder shall convert the interest rate on a loan that is made pursuant to this part and is subject to the provisions of this subsection to a variable rate. Such conversion shall occur not later than January 1, 1995, and, commencing on the date of conversion, the applicable interest rate for each 12-month period beginning on July 1 and ending on June 30 shall be determined by the Secretary on the June 1 preceding each such 12-month period and be equal to the sum of (i) the bond equivalent rate of the 91-day Treasury bills auctioned at the final auction prior to such June 1; and (ii) 3.25 percent in the case of loans de-

scribed in paragraph (1), or 3.10 percent in the case of loans described in paragraph (3).

(B) In connection with the conversion specified in subparagraph (A) for any period prior to such conversion, and subject to paragraphs (C) and (D), a lender or holder shall convert the interest rate to a variable rate on a loan that is made pursuant to this part and is subject to the provisions of this subsection to a variable rate. The interest rates for such period shall be reset on a quarterly basis and the applicable interest rate for any quarter or portion thereof shall equal the sum of (i) the average of the bond equivalent rates of 91-Treasury bills auctioned for the preceding 3-month period, and (ii) 3.25 percent in the case of loans described in paragraph (1) or 3.10 percent in the case of loans described in paragraph (3). The rebate of excess interest derived through this conversion shall be provided to the borrower as specified in paragraph (5) for loans described in paragraph (1) or to the Government and borrower as specified in paragraph (3).

(C) A lender or holder of a loan being converted pursuant to this paragraph shall complete such conversion on or before January 1, 1995. The lender or holder shall notify the borrower that the loan shall be converted to a variable interest rate and provide a description of the rate to the borrower not later than 30 days prior to the conversion. The notice shall advise the borrower that such rate shall be calculated in accordance with the procedures set forth in this paragraph and shall provide the borrower with a substantially equivalent benefit as the adjustment otherwise provided for under this subsection. Such notice may be incorporated into the disclosure required under section 1083(b) of this title if such disclosure has not been previously made.

(D) The interest rate on a loan converted to a variable rate pursuant to this paragraph shall not exceed the maximum interest rate applicable to the loan prior to such conversion.

(E) Loans on which the interest rate is converted in accordance with subparagraph (A) or (B) shall not be subject to any other provisions of this subsection.

**(j) Lesser rates permitted**

Nothing in this section or section 1078-3 of this title shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

**(k) Definitions**

For the purpose of subsections (a) and (d) of this section—

(1) the term “period of instruction” shall, at the discretion of the lender, be any academic year, semester, trimester, quarter, or other academic period; or shall be the period for which the loan is made as determined by the institution of higher education; and

(2) the term “period of enrollment” shall be the period for which the loan is made as determined by the institution of higher education and shall coincide with academic terms such as academic year, semester, trimester, quarter, or other academic period as defined by such institution.

(Pub. L. 89-329, title IV, §427A, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1364; amended Pub. L. 100-50, §10(d)(1), June 3, 1987, 101 Stat. 342; Pub. L. 102-325, title IV, §415, July 23, 1992, 106 Stat. 514; Pub. L. 103-66, title IV, §4101, Aug. 10, 1993, 107 Stat. 364; Pub. L. 103-208, §2(c)(5)-(10), Dec. 20, 1993, 107 Stat. 2461.)

#### REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsecs. (c) to (e)(1), was repealed by Pub. L. 103-66, title IV, §4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

#### CODIFICATION

Amendments by section 2(c)(6)-(10) of Pub. L. 103-208 (which were effective as if included in Pub. L. 102-325) were executed to this section as amended by Pub. L. 102-325 and Pub. L. 103-66, to reflect the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1077a, Pub. L. 89-329, title IV, §427A, as added Pub. L. 96-374, title IV, §415(a)(1), Oct. 3, 1980, 94 Stat. 1419; amended Pub. L. 97-35, title V, §534(a)(1), Aug. 13, 1981, 95 Stat. 454; Pub. L. 98-79, §5(a), (b)(1), Aug. 15, 1983, 97 Stat. 481, 482, prescribed applicable interest rates on loans, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (c)(4)(E). Pub. L. 103-66, §4101(1), added subpar. (E).

Subsec. (e)(1). Pub. L. 103-208, §2(c)(5), substituted “under section 1077, 1078, or 1078-8 of this title” for “under this part”.

Subsecs. (f) to (h). Pub. L. 103-66, §4101(3), added subsecs. (f) to (h). Former subsecs. (f) to (h) redesignated (i) to (k), respectively.

Subsec. (i). Pub. L. 103-66, §4101(2), redesignated subsec. (f) as (i).

Subsec. (i)(1)(B). Pub. L. 103-208, §2(c)(6), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “by crediting the excess interest to the reduction of principal to the extent provided for under paragraph (5) of this subsection.” See Codification note above.

Subsec. (i)(2)(B). Pub. L. 103-208, §2(c)(7), substituted “average daily principal balance” for “outstanding principal balance” and “during” for “at the end of”. See Codification note above.

Subsec. (i)(4)(B). Pub. L. 103-208, §2(c)(8), substituted “average daily principal balance” for “outstanding principal balance” and “during” for “at the end of”. See Codification note above.

Subsec. (i)(5). Pub. L. 103-208, §2(c)(9)(A)(i), (B), substituted “paragraphs (2) and (4)” for “paragraph (2)” in first sentence and inserted “, but the excess interest shall be calculated and credited to the Secretary” after “required payment on the loan” in second sentence. See Codification note above.

Pub. L. 103-208, §2(c)(9)(A)(ii), which directed substitution of “principal” for “principle” in first sentence, could not be executed because the word “principle” does not appear in text.

Subsec. (i)(7). Pub. L. 103-208, §2(c)(10), added par. (7). See Codification note above.

Subsecs. (j), (k). Pub. L. 103-66, §4101(2), redesignated subsecs. (g) and (h) as (j) and (k), respectively.

1992—Subsec. (c)(4)(D). Pub. L. 102-325, §415(a), added subpar. (D).

Subsec. (e). Pub. L. 102-325, §415(c)(2), added subsec. (e). Former subsec. (e) redesignated (f).

Pub. L. 102-325, §415(b), amended par. (1) heading and substituted “paragraph (5)” for “paragraph (3)” in par. (1)(B), amended par. (2) heading, added pars. (3) and (4), redesignated former par. (3) as (5), struck out “or” be-

fore “by reducing the number” and inserted “, or by reducing the amount of the final payment of the loan. Nothing in this paragraph shall be construed to require the lender to make additional disclosures pursuant to section 1083(b) of this title” before period at end, redesignated former par. (4) as (6), and struck out former par. (5) which provided for study of treatment of excess interest payments provisions.

Subsecs. (f) to (h). Pub. L. 102-325, §415(c)(1), redesignated subsecs. (e) to (g) as (f) to (h), respectively.

1987—Subsec. (c)(4)(A). Pub. L. 100-50, §10(d)(1)(A), (B), substituted “and disbursed on or after July 1, 1987” for “to cover the cost of instruction for any period of enrollment beginning on or after July 1, 1987” and “any 12-month period beginning on or after July 1 and ending on June 30” for “any calendar year”.

Subsec. (c)(4)(B). Pub. L. 100-50, §10(d)(1)(C), added subpar. (B) and struck out former subpar. (B) which read as follows: “For any calendar year, the rate determined under this subparagraph is determined on December 15 preceding such calendar year and is equal to—

“(i) the average of the bond equivalent rates of 91-day Treasury bills auctioned during the 12 months ending on November 30 preceding such calendar year; plus

“(ii) 3.75 percent.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by section 2(c)(5) of Pub. L. 103-208 effective on and after Dec. 20, 1993, and amendment by section 2(c)(6)-(10) of Pub. L. 103-208 effective, except as otherwise provided, as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, see section 5(a), (b)(2) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1077, 1078, 1078-2, 1078-8, 1087-1 of this title; title 42 section 7274e.

### § 1078. Federal payments to reduce student interest costs

#### (a) Federal interest subsidies

##### (1) Types of loans that qualify

Each student who has received a loan for study at an eligible institution—

(A) which is insured by the Secretary under this part; or

(B) which is insured under a program of a State or of a nonprofit private institution or organization which was contracted for, and paid to the student, within the period specified in paragraph (5), and which—

(i) in the case of a loan insured prior to July 1, 1967, was made by an eligible lender and is insured under a program which meets the requirements of subparagraph (E) of subsection (b)(1) of this section and provides that repayment of such loan shall be in installments beginning not earlier than 60 days after the student ceases to pursue a course of study (as described in subparagraph (D) of subsection (b)(1) of this section) at an eligible institution, or

(ii) in the case of a loan insured after June 30, 1967, was made by an eligible lender and is insured under a program covered

by an agreement made pursuant to subsection (b) of this section,

shall be entitled to have paid on his or her behalf and for his or her account to the holder of the loan a portion of the interest on such loan under circumstances described in paragraph (2).

**(2) Additional requirements to receive subsidy**

(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall—

(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

(I) sets forth such student's estimated cost of attendance (as determined under section 10877 of this title);

(II) sets forth such student's estimated financial assistance; and

(III) sets forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 1078-7 of this title;

(ii) meet the requirements of subparagraph (B); and

(iii) have provided to the lender at the time of application for a loan made, insured, or guaranteed under this part, the student's driver's number, if any.

(B) For the purpose of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan (as determined under part E of this subchapter) and the amount of such need, subject to the provisions of subparagraph (D).

(C) For the purpose of paragraph (1) and this paragraph—

(i) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A of this subchapter (as determined in accordance with section 1091(b) of this title), subpart 3 of part A of this subchapter, and part C of subchapter I of chapter 34 of title 42 and part D of this subchapter, and any veterans' education benefits paid because of enrollment in a postsecondary education institution, including veterans' education benefits (as defined in section 1087vv(c) of this title), plus other scholarship, grant, or loan assistance; and

(ii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall be calculated in accordance with part E of this subchapter.

(D) An eligible institution may not, in carrying out the provisions of subparagraphs (A) and (B) of this paragraph, provide a statement which certifies the eligibility of any student to receive any loan under this part in excess of the maximum amount applicable to such loan.

(E) For the purpose of subparagraphs (B) and (C) of this paragraph, any loan obtained by a

student under section 1078-1<sup>1</sup> or 1078-8 of this title or a parent under section 1078-2 of this title or under any State-sponsored or private loan program for an academic year for which the determination is made may be used to offset the expected family contribution of the student for that year.

(F) Except as provided in subparagraph (D), an eligible institution may refuse to certify a statement which permits a student to receive a loan under this part or to certify a loan amount that is less than the student's determination of need (as determined under part E of this subchapter), if the reason for such action is documented and provided in written form to each student so affected.

**(3) Amount of interest subsidy**

(A)(i) Subject to section 1087-1(c) of this title, the portion of the interest on a loan which a student is entitled to have paid, on behalf of and for the account of the student, to the holder of the loan pursuant to paragraph (1) of this subsection shall be equal to the total amount of the interest on the unpaid principal amount of the loan—

(I) which accrues prior to the beginning of the repayment period of the loan, or

(II) which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in subsection (b)(1)(M) of this section or in section 1077(a)(2)(C) of this title.

(ii) Such portion of the interest on a loan shall not exceed, for any period, the amount of the interest on that loan which is payable by the student after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his or her behalf for that period under any State or private loan insurance program.

(iii) The holder of a loan with respect to which payments are required to be made under this section shall be deemed to have a contractual right, as against the United States, to receive from the Secretary the portion of interest which has been so determined without administrative delay after the receipt by the Secretary of an accurate and complete request for payment pursuant to paragraph (4).

(iv) The Secretary shall pay this portion of the interest to the holder of the loan on behalf of and for the account of the borrower at such times as may be specified in regulations in force when the applicable agreement entered into pursuant to subsection (b) of this section was made, or, if the loan was made by a State or is insured under a program which is not covered by such an agreement, at such times as may be specified in regulations in force at the time the loan was paid to the student.

(v) A lender may not receive interest on a loan for any period that precedes the date that is—

(I) in the case of a loan disbursed by check, 10 days before the first disbursement of the loan; or

<sup>1</sup> See References in Text note below.

(II) in the case of a loan disbursed by electronic funds transfer, 3 days before the first disbursement of the loan.

(B) If—

(i) a State student loan insurance program is covered by an agreement under subsection (b) of this section,

(ii) a statute of such State limits the interest rate on loans insured by such program to a rate which is less than the applicable interest rate under this part, and

(iii) the Secretary determines that subsection (d) of this section does not make such statutory limitation inapplicable and that such statutory limitation threatens to impede the carrying out of the purpose of this part,

then the Secretary may pay an administrative cost allowance to the holder of each loan which is insured under such program and which is made during the period beginning on the 60th day after October 16, 1968, and ending 120 days after the adjournment of such State's first regular legislative session which adjourns after January 1, 1969. Such administrative cost allowance shall be paid over the term of the loan in an amount per year (determined by the Secretary) which shall not exceed 1 percent of the unpaid principal balance of the loan.

**(4) Submission of statements by holders on amount of payment**

Each holder of a loan with respect to which payments of interest are required to be made by the Secretary shall submit to the Secretary, at such time or times and in such manner as the Secretary may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Secretary to determine the amount of the payment which he must make with respect to that loan.

**(5) Duration of authority to make interest subsidized loans**

The period referred to in subparagraph (B) of paragraph (1) of this subsection shall begin on November 8, 1965, and end at the close of September 30, 1998, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his or her education program, such period shall end at the close of September 30, 2002.

**(6) Assessment of borrower's financial condition not prohibited or required**

Nothing in this chapter or any other Act shall be construed to prohibit or require, unless otherwise specifically provided by law, a lender to evaluate the total financial situation of a student making application for a loan under this part, or to counsel a student with respect to any such loan, or to make a decision based on such evaluation and counseling with respect to the dollar amount of any such loan.

**(7) Loans that have not been consummated**

Lenders may not charge interest or receive interest subsidies or special allowance pay-

ments for loans for which the disbursement checks have not been cashed or for which electronic funds transfers have not been completed.

**(b) Insurance program agreements to qualify loans for interest subsidies**

**(1) Requirements of insurance program**

Any State or any nonprofit private institution or organization may enter into an agreement with the Secretary for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments provided for in subsection (a) of this section if the Secretary determines that the student loan insurance program—

(A) authorizes the insurance in any academic year or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution or in a program of study abroad approved for credit by the eligible home institution at which such student is enrolled at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

(i) in the case of a student at an eligible institution who has not successfully completed the first year of a program of undergraduate education—

(I) \$2,625, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this title);

(II) \$1,750, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such an academic year; and

(III) \$875, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year;

(ii) in the case of a student at an eligible institution who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate education—

(I) \$3,500; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year;

(iii) in the case of a student at an eligible institution who has successfully completed the first and second years of a program of undergraduate education but has not successfully completed the remainder of such program—

(I) \$5,500; or

(II) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan

amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year;

(iv) in the case of a student who has received an associate or baccalaureate degree and is enrolled in an eligible program for which the institution requires such degree for admission, the number of years that a student has completed in a program of undergraduate education shall, for the purposes of clauses (ii) and (iii), include any prior enrollment in the eligible program of undergraduate education for which the student was awarded such degree; and

(v) in the case of a graduate or professional student (as defined in regulations of the Secretary) at an eligible institution, \$8,500;

except in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purpose of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit;

(B) provides that the aggregate insured unpaid principal amount for all such insured loans made to any student shall be any amount up to a maximum of—

(i) \$23,000, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 1078-1<sup>2</sup> or 1078-2 of this title; and

(ii) \$65,500, in the case of any graduate or professional student (as defined by regulations of the Secretary), and (I) including any loans which are insured by the Secretary under this section, or by a guaranty agency, made to such student before the student became a graduate or professional student, but (II) excluding loans made under section 1078-1<sup>2</sup> or 1078-2 of this title,

except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive;

(C) authorizes the insurance of loans to any individual student for at least 6 academic years of study or their equivalent (as determined under regulations of the Secretary);

(D) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) the repayment period of any insured loan may not exceed 10 years, and (iii) the note, or other written evidence of any loan, may contain such reasonable provisions relating to repayment in the event of

default by the borrower as may be authorized by regulations of the Secretary in effect at the time such note or written evidence was executed, and shall contain a notice that repayment may, following a default by the borrower, be subject to income contingent repayment in accordance with subsection (m) of this section;

(E) subject to subparagraphs (D) and (L), and except as provided by subparagraph (M), provides that—

(i) not more than 6 months prior to the date on which the borrower's first payment is due, the lender shall offer the borrower of a loan made, insured, or guaranteed under this section or section 1078-1<sup>2</sup> of this title, the option of repaying the loan in accordance with a graduated or income-sensitive repayment schedule established by the lender and in accordance with regulations of the Secretary; and

(ii) repayment of loans shall be in installments over a period of not less than 5 years (unless the student, during the 6 months immediately preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than 10 years commencing at the beginning of the repayment period determined under paragraph (7) of this subsection;

(F) authorizes interest on the unpaid balance of the loan at a yearly rate not in excess (exclusive of any premium for insurance which may be passed on to the borrower) of the rate required by section 1077a of this title;

(G) insures not less than 98 percent of the unpaid principal of loans insured under the program, except that such program shall insure 100 percent of the unpaid principal of loans made with funds advanced pursuant to subsection (j) of this section or section 1087-2(q) of this title;

(H) provides for collection of a single insurance premium equal to not more than 1.0 percent of the principal amount of the loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders;

(I) provides that the benefits of the loan insurance program will not be denied any student who is eligible for interest benefits under subsection (a)(1) and (2) of this section;

(J) provides that a student may obtain insurance under the program for a loan for any year of study at an eligible institution;

(K) in the case of a State program, provides that such State program is administered by a single State agency, or by one or more nonprofit private institutions or organizations under supervision of a single State agency;

(L) provides that the total of the payments by borrower—

(i) during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are in-

<sup>2</sup> See References in Text note below.



sured under this part shall not, unless the borrower and the lender otherwise agree, be less than \$600 or the balance of all such loans (together with interest thereon), whichever amount is less (but in no instance less than the amount of interest due and payable); and

(ii) for a monthly or other similar payment period with respect to the aggregate of all loans held by the lender may, when the amount of a monthly or other similar payment is not a multiple of \$5, be rounded to the next highest whole dollar amount that is a multiple of \$5;

(M) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period—

(i) during which the borrower—

(I) is pursuing at least a half-time course of study as determined by an eligible institution; or

(II) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary,

except that no borrower shall be eligible for a deferment under this clause, or loan made under this part (other than a loan made under<sup>3</sup> 1078-2 or 1078-3 of this title), while serving in a medical internship or residency program;

(ii) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment; or

(iii) not in excess of 3 years for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 1085(o) of this title, has caused or will cause the borrower to have an economic hardship;

(N) provides that funds borrowed by a student—

(i) are disbursed to the institution by check or other means that is payable to, and requires the endorsement or other certification by, such student; or

(ii) in the case of a student who is studying outside the United States in a program of study abroad that is approved for credit by the home institution at which such student is enrolled or at an eligible foreign institution, are, at the request of the student, disbursed directly to the student by the means described in clause (i), unless such student requests that the check be endorsed, or the funds transfer authorized, pursuant to an authorized power-of-attorney;

(O) provides that the proceeds of the loans will be disbursed in accordance with the requirements of section 1078-7 of this title;

(P) requires the borrower to notify the institution concerning any change in local address during enrollment and requires the

borrower and the institution at which the borrower is in attendance promptly to notify the holder of the loan, directly or through the guaranty agency, concerning (i) any change of permanent address, (ii) when the student ceases to be enrolled on at least a half-time basis, and (iii) any other change in status, when such change in status affects the student's eligibility for the loan;

(Q) provides for the guarantee of loans made to students and parents under sections 1078-1<sup>4</sup> and 1078-2 of this title;

(R) with respect to lenders which are eligible institutions, provides for the insurance of loans by only such institutions as are located within the geographic area served by such guaranty agency;

(S) provides no restrictions with respect to the insurance of loans for students who are otherwise eligible for loans under such program if such a student is accepted for enrollment in or is attending an eligible institution within the State, or if such a student is a legal resident of the State and is accepted for enrollment in or is attending an eligible institution outside that State;

(T) authorizes (i) the limitation of the total number of loans or volume of loans, made under this part to students attending a particular eligible institution during any academic year; and (ii) the limitation, suspension, or termination of the eligibility of an eligible institution if—

(I) such institution is ineligible for the emergency action, limitation, suspension, or termination of eligible institutions under regulations issued by the Secretary or is ineligible pursuant to criteria, rules, or regulations issued under the student loan insurance program which are substantially the same as regulations with respect to emergency action, limitation, suspension, or termination of such eligibility issued by the Secretary;

(II) there is a State constitutional prohibition affecting the eligibility of such an institution;

(III) such institution fails to make timely refunds to students as required by regulations issued by the Secretary or has not satisfied within 30 days of issuance a final judgment obtained by a student seeking such a refund;

(IV) such institution or an owner, director, or officer of such institution is found guilty in any criminal, civil, or administrative proceeding, or such institution or an owner, director, or officer of such institution is found liable in any civil or administrative proceeding, regarding the obtaining, maintenance, or disbursement of State or Federal grant, loan, or work assistance funds; or

(V) such institution or an owner, director, or officer of such institution has unpaid financial liabilities involving the improper acquisition, expenditure, or refund of State or Federal financial assistance funds;

<sup>3</sup>So in original. Probably should be followed by "section".

<sup>4</sup>See References in Text note below.

except that, if a guaranty agency limits, suspends, or terminates the participation of an eligible institution, the Secretary shall apply that limitation, suspension, or termination to all locations of such institution, unless the Secretary finds, within 30 days of notification of the action by the guaranty agency, that the guaranty agency's action did not comply with the requirements of this section;

(U) provides (i) for the eligibility of all lenders described in section 1085(d)(1) of this title under reasonable criteria, unless (I) that lender is eliminated as a lender under regulations for the emergency action,<sup>5</sup> limitation, suspension, or termination of a lender under the Federal student loan insurance program or is eliminated as a lender pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility as a lender issued under the Federal student loan insurance program, or (II) there is a State constitutional prohibition affecting the eligibility of a lender, (ii) assurances that the guaranty agency will report to the Secretary concerning changes in such criteria, including any procedures in effect under such program to take emergency action,<sup>5</sup> limit, suspend, or terminate lenders, and (iii) for (I) a compliance audit of each lender at least once a year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary, or (II) with regard to a lender that is audited under chapter 75 of title 31, such audit shall be deemed to satisfy the requirements of subclause (I) for the period covered by such audit, except that the Secretary may waive the requirements of this clause (iii) if the lender submits to the Secretary the results of an audit conducted for other purposes that the Secretary determines provides the same information as the audits required by this clause;

(V) provides authority for the guaranty agency to require a participation agreement between the guaranty agency and each eligible institution within the State in which it is designated, as a condition for guaranteeing loans made on behalf of students attending the institution;

(W) provides assurances that the agency will implement all requirements of the Secretary for uniform claims and procedures pursuant to section 1082(l) of this title; and

(X) provides information to the Secretary in accordance with subsection (c)(10) of this section and maintains reserve funds determined by the Secretary to be sufficient in relation to such agency's guarantee obligations.

## (2) Contents of insurance program agreement

Such an agreement shall—

(A) provide that the holder of any such loan will be required to submit to the Secretary, at such time or times and in such manner as the Secretary may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Secretary to determine the amount of the payment which must be made with respect to that loan;

(B) include such other provisions as may be necessary to protect the United States from the risk of unreasonable loss and promote the purpose of this part, including such provisions as may be necessary for the purpose of section 1087 of this title, and as are agreed to by the Secretary and the guaranty agency, as the case may be;

(C) provide for making such reports, in such form and containing such information, including financial information, as the Secretary may reasonably require to carry out the Secretary's functions under this part and protect the financial interest of the United States, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports;

(D) provide for—

(i) conducting, except as provided in clause (ii), financial and compliance audits of the guaranty agency on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to a guaranty program of a State which is audited under chapter 75 of title 31, deeming such audit to satisfy the requirements of clause (i) for the period of time covered by such audit;

(E)(i) provide that any guaranty agency may transfer loans which are insured under this part to any other guaranty agency with the approval of the holder of the loan and such other guaranty agency; and

(ii) provide that the lender (or the holder of the loan) shall, not later than 120 days after the borrower has left the eligible institution, notify the borrower of the date on which the repayment period begins; and

(F) provide that, if the sale, other transfer, or assignment of a loan made under this part to another holder will result in a change in the identity of the party to whom the borrower must send subsequent payments or direct any communications concerning the loans, then—

(i) the transferor and the transferee will be required, not later than 45 days from the date the transferee acquires a legally enforceable right to receive payment from

<sup>5</sup> So in original.

the borrower on such loan, either jointly or separately to provide a notice to the borrower of—

- (I) the sale or other transfer;
- (II) the identity of the transferee;
- (III) the name and address of the party to whom subsequent payments or communications must be sent; and
- (IV) the telephone numbers of both the transferor and the transferee; and

(ii) the transferee will be required to notify the guaranty agency, and, upon the request of an institution of higher education, the guaranty agency shall notify the last such institution the student attended prior to the beginning of the repayment period of any loan made under this part, of—

- (I) any sale or other transfer of the loan; and
- (II) the address and telephone number by which contact may be made with the new holder concerning repayment of the loan,

except that this subparagraph (F) shall only apply if the borrower is in the grace period described in section 1077(a)(2)(B) of this title or subsection (b)(7) of this section or is in repayment status.

### **(3) Restrictions on inducements, mailings, and advertising**

A guaranty agency shall not—

(A) offer, directly or indirectly, premiums, payments, or other inducements to any educational institution or its employees in order to secure applicants for loans under this part;

(B) offer, directly or indirectly, any premium, incentive payment, or other inducement to any lender, or any agent, employee, or independent contractor of any lender or guaranty agency, in order to administer or market loans made under this part (other than a loan made under section 1078-8 of this title or a loan made as part of a guaranty agency's lender-of-last-resort program) for the purpose of securing the designation of that guaranty agency as the insurer of such loans;

(C) conduct unsolicited mailings to students enrolled in secondary school of student loan application forms; or

(D) conduct fraudulent or misleading advertising concerning loan availability.

### **(4) Special rule**

For the purpose of paragraph (1)(M)(i)(III) of this subsection, the Secretary shall approve any course of study at a foreign university that is accepted for the completion of a recognized international fellowship program by the administrator of such a program. Requests for deferment of repayment of loans under this part by students engaged in graduate or post-graduate fellowship-supported study (such as pursuant to a Fulbright grant) outside the United States shall be approved until completion of the period of the fellowship.

### **(5) Guaranty agency information transfers**

(A) Until such time as the Secretary has implemented section 1092b of this title and is

able to provide to guaranty agencies the information required by such section, any guaranty agency may request information regarding loans made after January 1, 1987, to students who are residents of the State for which the agency is the designated guarantor, from any other guaranty agency insuring loans to such students.

(B) Upon a request pursuant to subparagraph (A), a guaranty agency shall provide—

- (i) the name and the social security number of the borrower; and
- (ii) the amount borrowed and the cumulative amount borrowed.

(C) Any costs associated with fulfilling the request of a guaranty agency for information on students shall be paid by the guaranty agency requesting the information.

### **(6) State guaranty agency information request of State licensing boards**

Each guaranty agency is authorized to enter into agreements with each appropriate State licensing board under which the State licensing board, upon request, will furnish the guaranty agency with the address of a student borrower in any case in which the location of the student borrower is unknown or unavailable to the guaranty agency.

### **(7) Repayment period**

(A) In the case of a loan made under section 1077 of this title or this section, the repayment period shall exclude any period of authorized deferment or forbearance and shall begin—

- (i) the day after 6 months after the date the student ceases to carry at least one-half the normal full-time academic workload (as determined by the institution); or
- (ii) on an earlier date if the borrower requests and is granted a repayment schedule that provides for repayment to commence at an earlier date.

(B) In the case of a loan made under section 1078-8 of this title, the repayment period shall exclude any period of authorized deferment or forbearance, and shall begin as described in clause (i) or (ii) of subparagraph (A), but interest shall begin to accrue or be paid by the borrower on the day the loan is disbursed.

(C) In the case of a loan made under section 1078-1,<sup>6</sup> 1078-2, or 1078-3 of this title, the repayment period shall begin on the day the loan is disbursed, or, if the loan is disbursed in multiple installments, on the day of the last such disbursement, and shall exclude any period of authorized deferment or forbearance.

### **(8) Means of disbursement of loan proceeds**

Nothing in this subchapter and part C of subchapter I of chapter 34 of title 42 shall be interpreted to prohibit the disbursement of loan proceeds by means other than by check or to allow the Secretary to require checks to be made co-payable to the institution and the borrower.

### **(c) Guaranty agreements for reimbursing losses**

#### **(1) Authority to enter into agreements**

(A) The Secretary may enter into a guaranty agreement with any guaranty agency, whereby

<sup>6</sup> See References in Text note below.

the Secretary shall undertake to reimburse it, under such terms and conditions as the Secretary may establish, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal and accrued interest of any insured loan. The guaranty agency shall be deemed to have a contractual right against the United States, during the life of such loan, to receive reimbursement according to the provisions of this subsection. Upon receipt of an accurate and complete request by a guaranty agency for reimbursement with respect to such losses, the Secretary shall pay promptly and without administrative delay. Except as provided in subparagraph (B) of this paragraph and in paragraph (7), the amount to be paid a guaranty agency as reimbursement under this subsection shall be equal to 98 percent of the amount expended by it in discharge of its insurance obligation incurred under its loan insurance program. A guaranty agency shall file a claim for reimbursement with respect to losses under this subsection within 45 days after the guaranty agency discharges its insurance obligation on the loan.

(B) Notwithstanding subparagraph (A)—

(i) if, for any fiscal year, the amount of such reimbursement payments by the Secretary under this subsection exceeds 5 percent of the loans which are insured by such guaranty agency under such program and which were in repayment at the end of the preceding fiscal year, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 88 percent of the amount of such excess; and

(ii) if, for any fiscal year, the amount of such reimbursement payments exceeds 9 percent of such loans, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 78 percent of the amount of such excess.

(C) For the purpose of this subsection, the amount of loans of a guaranty agency which are in repayment shall be the original principal amount of loans made by a lender which are insured by such a guaranty agency reduced by—

(i) the amount the insurer has been required to pay to discharge its insurance obligations under this part;

(ii) the original principal amount of loans insured by it which have been fully repaid; and

(iii) the original principal amount insured on those loans for which payment of the first installment of principal has not become due pursuant to subsection (b)(1)(E) of this section or such first installment need not be paid pursuant to subsection (b)(1)(M) of this section.

(D) Reimbursements of losses made by the Secretary on loans submitted for claim by an eligible lender, servicer, or guaranty agency designated for exceptional performance under section 1078-9 of this title shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Sec-

retary that the eligible lender, servicer, or guaranty agency engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.

(E) Notwithstanding any other provisions of this section, in the case of a loan made pursuant to a lender-of-last-resort program, the Secretary shall apply the provisions of—

(i) the fourth sentence of subparagraph (A) by substituting “100 percent” for “98 percent”;

(ii) subparagraph (B)(i) by substituting “100 percent” for “88 percent”; and

(iii) subparagraph (B)(ii) by substituting “100 percent” for “78 percent”.

(F) Notwithstanding any other provisions of this section, in the case of an outstanding loan transferred to a guaranty agency from another guaranty agency pursuant to a plan approved by the Secretary in response to the insolvency of the latter such guarantee agency, the Secretary shall apply the provision of—

(i) the fourth sentence of subparagraph (A) by substituting “100 percent” for “98 percent”;

(ii) subparagraph (B)(i) by substituting “90 percent” for “88 percent”; and

(iii) subparagraph (B)(ii) by substituting “80 percent” for “78 percent”.

(G) Notwithstanding any other provision of this section, the Secretary shall exclude a loan made pursuant to a lender-of-last-resort program when making reimbursement payment calculations under subparagraphs (B) and (C).

## (2) Contents of guaranty agreements

The guaranty agreement—

(A) shall set forth such administrative and fiscal procedures as may be necessary to protect the United States from the risk of unreasonable loss thereunder, to ensure proper and efficient administration of the loan insurance program, and to assure that due diligence will be exercised in the collection of loans insured under the program, including a requirement that each beneficiary of insurance on the loan submit proof that reasonable attempts were made to locate the borrower (when the location of the borrower is unknown) and proof that contact was made with the borrower (when the location is known);

(B) shall provide for making such reports, in such form and containing such information, as the Secretary may reasonably require to carry out the Secretary's functions under this subsection, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports;

(C) shall set forth adequate assurances that, with respect to so much of any loan insured under the loan insurance program as may be guaranteed by the Secretary pursuant to this subsection, the undertaking of the Secretary under the guaranty agreement is acceptable in full satisfaction of State law or regulation requiring the maintenance of a reserve;

(D) shall provide that if, after the Secretary has made payment under the guaranty agreement pursuant to paragraph (1) of this subsection with respect to any loan, any payments are made in discharge of the obligation incurred by the borrower with respect to such loan (including any payments of interest accruing on such loan after such payment by the Secretary), there shall be paid over to the Secretary (for deposit in the fund established by section 1081 of this title) such proportion of the amounts of such payments as is determined (in accordance with paragraph (6)) to represent his equitable share thereof, but (i) shall provide for subrogation of the United States to the rights of any insurance beneficiary only to the extent required for the purpose of paragraph (8); and (ii) except as the Secretary may otherwise by or pursuant to regulation provide, amounts so paid by a borrower on such a loan shall be first applied in reduction of principal owing on such loan;

(E) shall set forth adequate assurance that an amount equal to each payment made under paragraph (1) will be promptly deposited in or credited to the accounts maintained for the purpose of section 1072(c) of this title;

(F) set forth adequate assurances that the guaranty agency will not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the guaranty agency, length of the borrower's educational program, or the borrower's academic year in school;

(G) shall prohibit the Secretary from making any reimbursement under this subsection to a guaranty agency when a default claim is based on an inability to locate the borrower, unless the guaranty agency, at the time of filing for reimbursement, certifies to the Secretary that diligent attempts have been made to locate the borrower through the use of reasonable skip-tracing techniques in accordance with regulations prescribed by the Secretary; and

(H) set forth assurances that—

(i) upon the request of an eligible institution, the guaranty agency shall, subject to clauses (ii) and (iii), furnish to the institution information with respect to students (including the names and addresses of such students) who received loans made, insured, or guaranteed under this part for attendance at the eligible institution and for whom preclaims assistance activities have been requested under subsection (I) of this section;

(ii) the guaranty agency may require the payment by the institution of a reasonable fee (as determined in accordance with regulations prescribed by the Secretary) for such information; and

(iii) the guaranty agency will require the institution to use such information only to assist the institution in reminding stu-

dents of their obligation to repay student loans and shall prohibit the institution from disseminating the information for any other purpose.

(I) may include such other provisions as may be necessary to promote the purpose of this part.

### (3) Forbearance

A guaranty agreement under this subsection—

(A) shall contain provisions providing that—

(i) upon written request, a lender shall grant a borrower forbearance, renewable at 12-month intervals, on terms agreed to in writing by the parties to the loan with the approval of the insurer, and otherwise consistent with the regulations of the Secretary, if the borrower—

(I) is serving in a medical or dental internship or residency program, the successful completion of which is required to begin professional practice or service, or is serving in a medical or dental internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training, provided that if the borrower qualifies for a deferment under section 1077(a)(2)(C)(vii) of this title or subsection (b)(1)(M)(vii) of this section as in effect prior to the enactment of the Higher Education Amendments of 1992, or section 1077(a)(2)(C) of this title or subsection (b)(1)(M) of this section as amended by such amendments, the borrower has exhausted his or her eligibility for such deferment;

(II) has a debt burden under this subchapter and part C of subchapter I of chapter 34 of title 42 that equals or exceeds 20 percent of income; or

(III) is serving in a national service position for which the borrower receives a national service educational award under the National and Community Service Trust Act of 1993;

(ii) the length of the forbearance granted by the lender—

(I) under clause (i)(I) shall equal the length of time remaining in the borrower's medical or dental internship or residency program, if the borrower is not eligible to receive a deferment described in such clause, or such length of time remaining in the program after the borrower has exhausted the borrower's eligibility for such deferment;

(II) under clause (i)(II) shall not exceed 3 years; or

(III) under clause (i)(III) shall not exceed the period for which the borrower is serving in a position described in such clause; and

(iii) no administrative or other fee may be charged in connection with the granting of a forbearance under clause (i), and no adverse information regarding a borrower

may be reported to a credit bureau organization solely because of the granting of such forbearance;

(B) may, to the extent provided in regulations of the Secretary, contain provisions that permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer; and

(C) shall contain provisions that specify that the form of forbearance granted by the lender for purposes of this paragraph shall be the temporary cessation of payments, unless the borrower selects forbearance in the form of an extension of time for making payments, or smaller payments than were previously scheduled.

Guaranty agencies shall not be precluded from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default. The Secretary shall permit lenders to exercise administrative forbearances that do not require the agreement of the borrower, under conditions authorized by the Secretary. Such forbearances shall include (i) forbearances for borrowers who are delinquent at the time of the granting of an authorized period of deferment under subsection (b)(1)(M) of this section or section 1077(a)(2)(C) of this title, and (ii) if the borrower is less than 60 days delinquent on such loans at the time of sale or transfer, forbearances for borrowers on loans which are sold or transferred.

#### (4) Definitions

For the purpose of this subsection, the terms “insurance beneficiary” and “default” have the meanings assigned to them by section 1085 of this title.

#### (5) Applicability to existing loans

In the case of any guaranty agreement with a guaranty agency, the Secretary may, in accordance with the terms of this subsection, undertake to guarantee loans described in paragraph (1) which are insured by such guaranty agency and are outstanding on the date of execution of the guaranty agreement, but only with respect to defaults occurring after the execution of such guaranty agreement or, if later, after its effective date.

#### (6) Secretary's equitable share

(A) For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

(i) a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

(ii) an amount equal to 27 percent of such payments (subject to subparagraph (D) of this paragraph) for costs related to the student loan insurance program, including the administrative costs of collection of loans

reimbursed under this subsection, the administrative costs of preclaims assistance for default prevention, the administrative costs of supplemental preclaims assistance for default prevention, and the administrative costs of monitoring the enrollment and repayment status of students (as such terms are defined in subparagraph (B) or (C) of this paragraph).

(B) For the purpose of this paragraph and subsection (f) of this section, the term—

(i) “administrative costs of collection of loans” means any administrative costs incurred by a guaranty agency which are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable;

(ii) “administrative costs of preclaim assistance for default prevention” means any administrative costs incurred by a guaranty agency which are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being legally in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the collection activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable; and

(iii) “administrative costs of monitoring the enrollment and repayment status of students” means any administrative costs by a guaranty agency which are directly related to ascertaining the student's enrollment status, prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this part,

subject to such additional criteria as the Secretary may by regulation prescribe.

(C)(i) For the purpose of subsection (I) of this section, “administrative costs of supplemental preclaims assistance” means (subject to divisions (ii) through (iv)) any administrative costs—

(I) incurred by a guaranty agency in connection with a loan on which the guarantor has exercised preclaims assistance generally comparable in intensiveness to the level of

preclaims assistance performed, prior to the 120th day of delinquency, by the guaranty agency as of October 16, 1990, and which has been in delinquent status for at least 120 days; and

(II) which are directly related to providing collection assistance to the lender on a delinquent loan, prior to a claim being filed with the guaranty agency,

including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions, only the portion of compensation attributable to the collection assistance), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges, but does not include overhead costs.

(ii) The administrative costs for which payment under subsection (I) of this section is authorized under this subparagraph must be clearly supplemental to the preclaim assistance for default prevention described in division (i)(I) of this subparagraph.

(iii) The services associated with carrying out this subparagraph may be provided by the guaranty agency directly or under contract, except that such services may not be carried out by an organization or entity (other than the guaranty agency)—

(I) that is the holder or servicer of the loan or an organization or entity that owns or controls the holder or servicer of the loan;

(II) that is owned or controlled by the same corporation, partnership, association, or individual that owns or controls the holder or servicer of the loan; or

(III) that is an organization or entity that has a contract with a guaranty agency to perform collection activities with respect to the same loans in the event of default.

(iv) In the case of accounts brought into repayment status as a result of performing supplemental preclaims assistance, the cost of such assistance is a permissible charge to the borrower (for the cost of collection) for which the borrower shall be liable.

**(7) New programs eligible for 100 percent reinsurance**

(A) Notwithstanding paragraph (1)(C), the amount to be paid a guaranty agency for any fiscal year—

(i) which begins on or after October 1, 1977 and ends before October 1, 1991; and

(ii) which is either the fiscal year in which such guaranty agency begins to actively carry on a student loan insurance program which is subject to a guaranty agreement under subsection (b) of this section, or is one of the 4 succeeding fiscal years,

shall be 100 percent of the amount expended by such guaranty agency in discharge of its insurance obligation insured under such program.

(B) Notwithstanding the provisions of paragraph (1)(C), the Secretary may pay a guaranty agency 100 percent of the amount expended by such agency in discharge of such agency's insurance obligation for any fiscal year which—

(i) begins on or after October 1, 1991; and

(ii) is the fiscal year in which such guaranty agency begins to actively carry on a student loan insurance program which is subject to a guaranty agreement under subsection (b) of this section or is one of the 4 succeeding fiscal years.

(C) The Secretary shall continuously monitor the operations of those guaranty agencies to which the provisions of subparagraph (A) or (B) are applicable and revoke the application of such subparagraph to any such guaranty agency which the Secretary determines has not exercised reasonable prudence in the administration of such program.

**(8) Assignment to protect Federal fiscal interest**

(A) If the Secretary determines that the protection of the Federal fiscal interest so requires, a guaranty agency shall assign to the Secretary any loan of which it is the holder and for which the Secretary has made a payment pursuant to paragraph (1) of this subsection.

(B) An orderly transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part C of this subchapter shall be deemed to be in the Federal fiscal interest, and a guaranty agency shall promptly assign loans to the Secretary under this paragraph upon the Secretary's request.

**(9) Guaranty agency reserve level**

(A) Each guaranty agency which has entered into an agreement with the Secretary pursuant to this subsection shall maintain a current minimum reserve level of at least .5 percent of the total attributable amount of all outstanding loans guaranteed by such agency for the fiscal year of the agency that begins in 1993. For purposes of this paragraph, such total attributable amount does not include amounts of outstanding loans transferred to the guaranty agency from another guaranty agency pursuant to a plan of the Secretary in response to the insolvency of the latter such guaranty agency. The minimum reserve level shall increase to—

(i) .7 percent of such total attributable amount for the fiscal year of the agency that begins in 1994;

(ii) .9 percent of such total attributable amount for the fiscal year of the agency that begins in 1995; and

(iii) 1.1 percent of such total attributable amount for each fiscal year of the agency that begins on or after January 1, 1996.

(B) The Secretary shall collect, on an annual basis, information from each guaranty agency having an agreement under this subsection to enable the Secretary to evaluate the financial solvency of each such agency. The information collected shall include the level of such agency's current reserves, cash disbursements and accounts receivable.

(C) If (i) any guaranty agency falls below the required minimum reserve level in any 2 consecutive years, (ii) any guaranty agency's Federal reimbursement payments are reduced to 80 percent pursuant to subsection (c)(1)(B)(ii)

of this section, or (iii) the Secretary determines that the administrative or financial condition of a guaranty agency jeopardizes such agency's continued ability to perform its responsibilities under its guaranty agreement, then the Secretary shall require, as appropriate, the guaranty agency to submit and implement a management plan acceptable to the Secretary within 30 working days of any such event.

(D)(i) If the Secretary is not seeking to terminate the guaranty agency's agreement under subparagraph (E), or assuming the guaranty agency's functions under subparagraph (F), a management plan described in subparagraph (C) shall include the means by which the guaranty agency will improve its financial and administrative condition to the required level within 18 months.

(ii) If the Secretary is seeking to terminate the guaranty agency's agreement under subparagraph (E), or assuming the guaranty agency's functions under subparagraph (F), a management plan described in subparagraph (C) shall include the means by which the Secretary and the guaranty agency shall work together to ensure the orderly termination of the operations, and liquidation of the assets, of the guaranty agency.

(E) The Secretary may terminate a guaranty agency's agreement in accordance with subparagraph (F) if—

(i) a guaranty agency required to submit a management plan under this paragraph fails to submit a plan that is acceptable to the Secretary;

(ii) the Secretary determines that a guaranty agency has failed to improve substantially its administrative and financial condition;

(iii) the Secretary determines that the guaranty agency is in danger of financial collapse;

(iv) the Secretary determines that such action is necessary to protect the Federal fiscal interest;

(v) the Secretary determines that such action is necessary to ensure the continued availability of loans to student or parent borrowers; or

(vi) the Secretary determines that such action is necessary to ensure an orderly transition from the loan programs under this part to the direct student loan programs under part C of this subchapter.

(F) If a guaranty agency's agreement under this subsection is terminated pursuant to subparagraph (E), then the Secretary shall assume responsibility for all functions of the guaranty agency under the loan insurance program of such agency. In performing such functions the Secretary is authorized to—

(i) permit the transfer of guarantees to another guaranty agency;

(ii) revoke the reinsurance agreement of the guaranty agency at a specified date, so as to require the merger, consolidation, or termination of the guaranty agency;

(iii) transfer guarantees to the Department of Education for the purpose of payment of such claims and process such claims

using the claims standards of the guaranty agency, if such standards are determined by the Secretary to be in compliance with this chapter;

(iv) design and implement a plan to restore the guaranty agency's viability;

(v) provide the guaranty agency with additional advance funds in accordance with section 1072(c)(7) of this title, with such restrictions on the use of such funds as is determined appropriate by the Secretary, in order to—

(I) meet the immediate cash needs of the guaranty agency;

(II) ensure the uninterrupted payment of claims; or

(III) ensure that the guaranty agency will make loans as the lender-of-last-resort, in accordance with subsection (j) of this section;

(vi) use all funds and assets of the guaranty agency to assist in the activities undertaken in accordance with this subparagraph and take appropriate action to require the return, to the guaranty agency or the Secretary, of any funds or assets provided by the guaranty agency, under contract or otherwise, to any person or organization; or

(vii) take any other action the Secretary determines necessary to ensure the continued availability of loans made under this part to residents of the State or States in which the guaranty agency did business, the full honoring of all guarantees issued by the guaranty agency prior to the Secretary's assumption of the functions of such agency, and the proper servicing of loans guaranteed by the guaranty agency prior to the Secretary's assumption of the functions of such agency, to avoid disruption of the student loan program, and to ensure an orderly transition from the loan programs under this part to the direct student loan programs under part C of this subchapter.

(G) Notwithstanding any other provision of Federal or State law, if the Secretary has terminated or is seeking to terminate a guaranty agency's agreement under subparagraph (E), or has assumed a guaranty agency's functions under subparagraph (F)—

(i) no State court may issue any order affecting the Secretary's actions with respect to such guaranty agency;

(ii) any contract with respect to the administration of a guaranty agency's reserve funds, or the administration of any assets purchased or acquired with the reserve funds of the guaranty agency, that is entered into or extended by the guaranty agency, or any other party on behalf of or with the concurrence of the guaranty agency, after August 10, 1993, shall provide that the contract is terminable by the Secretary upon 30 days notice to the contracting parties if the Secretary determines that such contract includes an impermissible transfer of the reserve funds or assets, or is otherwise inconsistent with the terms or purposes of this section; and



(iii) no provision of State law shall apply to the actions of the Secretary in terminating the operations of a guaranty agency.

(H) Notwithstanding any other provision of law, the Secretary's liability for any outstanding liabilities of a guaranty agency (other than outstanding student loan guarantees under this part), the functions of which the Secretary has assumed, shall not exceed the fair market value of the reserves of the guaranty agency, minus any necessary liquidation or other administrative costs.

(I) The Secretary shall not take any action under subparagraph (E) or (F) without giving the guaranty agency notice and the opportunity for a hearing.

(J) Notwithstanding any other provision of law, the information transmitted to the Secretary pursuant to this paragraph shall be confidential and exempt from disclosure under section 552 of title 5, relating to freedom of information, or any other Federal law.

(K) The Secretary, within 3 months after the end of each fiscal year, shall submit to the House Committee on Education and Labor and the Senate Committee on Labor and Human Resources a report specifying the Secretary's assessment of the fiscal soundness of the guaranty agency system and the progress of the transition from the loan programs under this part to the direct student loan programs under part C of this subchapter.

**(d) Usury laws inapplicable**

No provision of any law of the United States (other than this chapter) or of any State (other than a statute applicable principally to such State's student loan insurance program) which limits the rate or amount of interest payable on loans shall apply to a loan—

(1) which bears interest (exclusive of any premium for insurance) on the unpaid principal balance at a rate not in excess of the rate specified in this part; and

(2) which is insured (i) by the United States under this part, or (ii) by a guaranty agency under a program covered by an agreement made pursuant to subsection (b) of this section.

**(e) Payments for lender referral services**

**(1) In general; agreements with guaranty agencies**

(A) The Secretary shall make payments in accordance with this paragraph to a guaranty agency with which the Secretary has an agreement under subparagraph (B) which provides a lender referral service for students who meet the requirements of paragraph (2).

(B)(i) The Secretary may enter into agreements with guaranty agencies that meet standards established by the Secretary to provide lender referral services in geographic areas specified by the Secretary. Such guaranty agencies shall be paid in accordance with paragraph (3) for such services.

(ii) The Secretary shall publish in the Federal Register whatever standards, criteria, and procedures, consistent with the provisions of this part and part C of this subchapter, the Secretary determines are reasonable and nec-

essary to provide lender referral services under this subsection and ensure loan access to student and parent borrowers during the transition from the loan programs under this part to the direct student loan programs under part C of this subchapter. Section 1232<sup>7</sup> of this title shall not apply to the publication of such standards, criteria, and procedures.

**(2) Student eligibility**

A student is eligible to apply for lender referral services to a guaranty agency with which the Secretary has an agreement under paragraph (1)(B) if—

(A) such student is either a resident of, or is accepted for enrollment in, or is attending, an eligible institution located in a geographic area for which the Secretary (i) determines that loans are not available to all eligible students, and (ii) has entered into an agreement with a guaranty agency under paragraph (1)(B) to provide lender referral services; and

(B) such student has sought and was unable to find a lender willing to make a loan under this part.

**(3) Amount of payment**

From funds available for costs of transition under section 1087h of this title, the amount which the Secretary shall pay to any eligible guaranty agency under this paragraph shall be equal to one-half of 1 percent of the total principal amount of the loans (upon which insurance was issued under this part) to a student described in paragraph (2) who subsequently obtained such loans because of such agency's referral service.

**(4) Incentive fees to lenders**

Nothing in this or any law shall prohibit an agency from using all or any portion of the funds received under this part for the payment of incentive fees to lenders who agree to participate in a lender referral service.

**(f) Payments of certain costs**

**(1) Payments based on insurance program agreement**

(A) For a fiscal year prior to fiscal year 1994, the Secretary shall make payments in accordance with the provisions of this paragraph to any guaranty agency for the purposes of—

(i) the administrative cost of promotion of eligible lender participation;

(ii) the administrative costs of collection of loans;

(iii) the administrative costs of preclaims assistance for default prevention;

(iv) the administrative costs of monitoring the enrollment and repayment status of students; or

(v) other such costs related to the student loan insurance program subject to such agreement.

(B) The total amount of payments for any fiscal year prior to fiscal year 1994 made under this paragraph shall be equal to 1 percent of the total principal amount of the loans upon

<sup>7</sup> See References in Text note below.

which insurance was issued under this part during such fiscal year by such guaranty agency. The guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefor under this subparagraph.

(C) No payment may be made under this paragraph for loans for which the disbursement checks have not been cashed or for which electronic funds transfers have not been completed.

**(2) Applications for payments**

No payment may be made under paragraph (1) of this subsection unless the guaranty agency submits to the Secretary an application at such time, at least annually, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall—

(A) set forth assurances that the student loan insurance program subject to the guaranty agreement complies with subparagraphs (A), (B), (G), (R), (S), (T), and (U) of subsection (b)(1) of this section;

(B) contain provisions designed to demonstrate the capability of carrying out a necessary and successful program of collection of and preclaim assistance for the loan program subject to that agreement;

(C) set forth an estimate of the costs which are eligible for payment under the provisions of this subsection;

(D) provide for such administrative and fiscal procedures, including an audit, as are necessary to carry out the provisions of this subsection; and

(E) set forth assurances that the guaranty agency will furnish such data and information, including where necessary estimates, as the Secretary may reasonably require, to carry out the provisions of this subsection.

**(g) Action on insurance program and guaranty agreements**

If a nonprofit private institution or organization—

(1) applies to enter into an agreement with the Secretary under subsections (b) and (c) of this section with respect to a student loan insurance program to be carried on in a State with which the Secretary does not have an agreement under subsection (b) of this section, and

(2) as provided in the application, undertakes to meet the requirements of section 1072(c)(6)(B)(i), (ii), and (iii) of this title,

the Secretary shall consider and act upon such application within 180 days, and shall forthwith notify the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives of his actions.

**(h) Lending by guaranty agencies**

**(1) Lending from Sallie Mae advances**

From sums advanced by the Association pursuant to section 1087-2(p) of this title, each

guaranty agency or an eligible lender in a State described in section 1085(d)(1)(D) or (F) of this title is authorized to make loans directly to students otherwise unable to obtain loans under this part.

**(2) Amount of advances**

(A) Each guaranty agency or an eligible lender in a State described in section 1085(d)(1)(D) or (F) of this title which has an application approved under section 1087-2(p)(2) of this title may receive advances under section 1087-2(p) of this title for each fiscal year in an amount necessary to meet the demand for loans under this section. The amount such agency or lender is eligible to receive may not exceed 25 percent of the average of the loans guaranteed by that agency or lender for the 3 years preceding the fiscal year for which the determination is made. Whenever the determination required by the preceding sentence cannot be made because the agency or lender does not have 3 years previous experience, the amount such agency or lender is eligible to receive may not exceed 25 percent of the loans guaranteed under a program of a State of comparable size.

(B) Each guaranty agency and each eligible lender in a State described in section 1085(d)(1)(D) or (F) of this title shall repay advances made under section 1087-2(p) of this title in accordance with agreements entered into between the Association and such agency or lender.

**(3) Loan term, conditions, and benefits**

Loans made pursuant to this subsection shall have the same terms, conditions, and benefits as all other loans made under this part.

**(i) Multiple disbursement of loans**

**(1) Escrow accounts administered by escrow agent**

Any guaranty agency or eligible lender (hereafter in this subsection referred to as the "escrow agent") may enter into an agreement with any other eligible lender that is not an eligible institution or an agency or instrumentality of the State (hereafter in this subsection referred to as the "lender") for the purpose of authorizing disbursements of the proceeds of a loan to a student. Such agreement shall provide that the lender will pay the proceeds of such loans into an escrow account to be administered by the escrow agent in accordance with the provisions of paragraph (2) of this subsection. Such agreement may allow the lender to make payments into the escrow account in amounts that do not exceed the sum of the amounts required for disbursement of initial or subsequent installments to borrowers and to make such payments not more than 21 days prior to the date of the disbursement of such installment to such borrowers. Such agreement shall require the lender to notify promptly the eligible institution when funds are escrowed under this subsection for a student at such institution.

**(2) Authority of escrow agent**

Each escrow agent entering into an agreement under paragraph (1) of this subsection is authorized to—

(A) make the disbursements in accordance with the note evidencing the loan;

(B) commingle the proceeds of all loans paid to the escrow agent pursuant to the escrow agreement entered into under such paragraph (1);

(C) invest the proceeds of such loans in obligations of the Federal Government or obligations which are insured or guaranteed by the Federal Government;

(D) retain interest or other earnings on such investment; and

(E) return to the lender undisbursed funds when the student ceases to carry at an eligible institution at least one-half of the normal full-time academic workload as determined by the institution.

**(j) Lenders-of-last-resort**

**(1) General requirement**

In each State, the guaranty agency or an eligible lender in the State described in section 1085(d)(1)(D) of this title shall make loans directly, or through an agreement with an eligible lender or lenders, to students eligible to receive interest benefits paid on their behalf under subsection (a) of this section who are otherwise unable to obtain loans under this part. Loans made under this subsection shall not exceed the amount of the need of the borrower, as determined under subsection (a)(2)(B) of this section, nor be less than \$200. The guaranty agency shall consider the request of any eligible lender, as defined under section 1085(d)(1)(A) of this title, to serve as the lender-of-last-resort pursuant to this subsection.

**(2) Rules and operating procedures**

The guaranty agency shall develop rules and operating procedures for the lender-of-last-resort program designed to ensure that—

(A) the program establishes operating hours and methods of application designed to facilitate application by students and ensure a response within 60 days after the student's original complete application is filed under this subsection;

(B) consistent with standards established by the Secretary, students applying for loans under this subsection shall not be subject to additional eligibility requirements or requests for additional information beyond what is required under this subchapter and part C of subchapter I of chapter 34 of title 42 in order to receive a loan under this part from an eligible lender, nor be required to receive more than two rejections from eligible lenders in order to obtain a loan under this subsection;

(C) information about the availability of loans under the program is made available to institutions of higher education in the State;

(D) appropriate steps are taken to ensure that borrowers receiving loans under the program are appropriately counseled on their loan obligation; and

(E) the guaranty agency notifies the Secretary when the guaranty agency believes or has reason to believe that the Secretary may

need to exercise the Secretary's authority under section 1087-2(q) of this title.

**(3) Advances to guaranty agencies for lender-of-last-resort services during transition to direct lending**

(A) In order to ensure the availability of loan capital during the transition from the Federal Family Education Loan Program under this part to the Federal Direct Student Loan Program under part C of this subchapter, the Secretary is authorized to provide a guaranty agency with additional advance funds in accordance with section 1072(c)(7) of this title, with such restrictions on the use of such funds as are determined appropriate by the Secretary, in order to ensure that the guaranty agency will make loans as the lender-of-last-resort. Such agency shall make such loans in accordance with this subsection and the requirements of the Secretary.

(B) Notwithstanding any other provision in this part, a guaranty agency serving as a lender-of-last-resort under this paragraph shall be paid a fee, established by the Secretary, for making such loans in lieu of interest and special allowance subsidies, and shall be required to assign such loans to the Secretary on demand. Upon such assignment, the portion of the advance represented by the loans assigned shall be considered repaid by such guaranty agency.

**(k) Information on defaults**

**(1) Provision of information to eligible institutions**

Notwithstanding any other provision of law, in order to notify eligible institutions of former students who are in default of their continuing obligation to repay student loans, each guaranty agency shall, upon the request of an eligible institution, furnish information with respect to students who were enrolled at the eligible institution and who are in default on the repayment of any loan made, insured, or guaranteed under this part. The information authorized to be furnished under this subsection shall include the names and addresses of such students.

**(2) Public dissemination not authorized**

Nothing in paragraph (1) of this subsection shall be construed to authorize public dissemination of the information described in paragraph (1).

**(3) Borrower location information**

Any information provided by the institution relating to borrower location shall be used by the guaranty agency in conducting required skip-tracing activities.

**(l) Preclaims assistance and supplemental preclaims assistance**

**(1) Assistance required**

Upon receipt of a proper request from the lender, a guaranty agency having an agreement with the Secretary under subsection (c) of this section shall engage in preclaims assistance activities (as described in subsection (c)(6)(C)(i)(I) of this section) and supplemental preclaims assistance activities (as described in

subsection (c)(6)(C) of this section) with respect to each loan covered by such agreement.

**(2) Payments for supplemental preclaims assistance**

The Secretary shall make payments in accordance with the provisions of this paragraph to any guaranty agency that engages in supplemental preclaims assistance (as defined in subsection (c)(6)(C) of this section) on a loan guaranteed under this part. For each loan on which such assistance is performed and for which a default claim is not presented to the guaranty agency by the lender on or before the 150th day after the loan becomes 120 days delinquent, such payment shall be equal to one percent of the total of the unpaid principal and the accrued unpaid interest of the loan.

**(m) Income contingent repayment**

**(1) Authority of Secretary to require**

The Secretary shall require at least 10 percent of the borrowers who have defaulted on loans made under this part that are assigned to the Secretary under subsection (c)(8) of this section to repay those loans under an income contingent repayment plan, the terms and conditions of which shall be established by the Secretary and the same as, or similar to, an income contingent repayment plan established for purposes of part C of this subchapter.

**(2) Loans for which income contingent repayment may be required**

A loan made under this part may be required to be repaid under this subsection if the note or other evidence of the loan has been assigned to the Secretary pursuant to subsection (c)(8) of this section.

**(n) State share of default costs**

**(1) In general**

In the case of any State in which there are located any institutions of higher education that have a cohort default rate that exceeds 20 percent, such State shall pay to the Secretary an amount equal to—

(A) the new loan volume attributable to all institutions in the State for the current fiscal year; multiplied by

(B) the percentage specified in paragraph (2); multiplied by

(C) the quotient of—

(i) the sum of the amounts calculated under paragraph (3) for each such institution in the State; divided by

(ii) the total amount of loan volume attributable to current and former students of institutions located in that State entering repayment in the period used to calculate the cohort default rate.

**(2) Percentage**

For purposes of paragraph (1)(B), the percentage used shall be—

(A) 12.5 percent for fiscal year 1995;

(B) 20 percent for fiscal year 1996; and

(C) 50 percent for fiscal year 1997 and succeeding fiscal years.

**(3) Calculation**

For purposes of paragraph (1)(C)(i), the amount shall be determined by calculating for each institution the amount by which—

(A) the amount of the loans received for attendance by such institution's current and former students who (i) enter repayment during the fiscal year used for the calculation of the cohort default rate, and (ii) default before the end of the following fiscal year; exceeds

(B) 20 percent of the loans received for attendance by all the current and former students who enter repayment during the fiscal year used for the calculation of the cohort default rate.

**(4) Fee**

A State may charge a fee to an institution of higher education that participates in the program under this part and is located in that State according to a fee structure, approved by the Secretary, that is based on the institution's cohort default rate and the State's risk of loss under this subsection. Such fee structure shall include a process by which an institution with a high cohort default rate is exempt from any fees under this paragraph if such institution demonstrates to the satisfaction of the State that exceptional mitigating circumstances, as determined by the State and approved by the Secretary, contributed to its cohort default rate.

(Pub. L. 89-329, title IV, § 428, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1367; amended Pub. L. 100-50, § 10(a)-(c), (e)-(m), June 3, 1987, 101 Stat. 341-343; Pub. L. 100-203, title III, §§ 3001(b), 3002(b), 3003, Dec. 22, 1987, 101 Stat. 1330-38, 1330-39; Pub. L. 100-369, §§ 5(b)(2), 7(c), 11(a), July 18, 1988, 102 Stat. 836-838; Pub. L. 101-239, title II, §§ 2002(a)(2), (b)(1), 2004(b)(1), (3), 2006(b), Dec. 19, 1989, 103 Stat. 2111, 2116, 2118; Pub. L. 101-508, title III, §§ 3002, 3004(b), Nov. 5, 1990, 104 Stat. 1388-25, 1388-27; Pub. L. 102-26, § 9, Apr. 9, 1991, 105 Stat. 128; Pub. L. 102-164, title VI, §§ 601(b), 602(b), 604, 605(b)(2), Nov. 15, 1991, 105 Stat. 1065, 1066, 1068; Pub. L. 102-325, title IV, §§ 411(b)(2), 416(a)-(e)(1), (f)-(p)(7), (q)-(t), July 23, 1992, 106 Stat. 510, 516-525, 527-529; Pub. L. 103-66, title IV, §§ 4041(a)(1), (2)(B), (b), 4043(a), 4044, 4045, 4102(c), 4107(a), (b), 4108(a), (b), 4110(a), 4112(a), 4201(a), Aug. 10, 1993, 107 Stat. 354, 355, 358, 359, 367-370; Pub. L. 103-82, title I, § 102(c)(1), Sept. 21, 1993, 107 Stat. 823; Pub. L. 103-208, § 2(c)(11)-(28), Dec. 20, 1993, 107 Stat. 2462-2465; Pub. L. 103-382, title III, § 355(a), Oct. 20, 1994, 108 Stat. 3967.)

REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsecs. (a)(2)(E) and (b)(1)(B), (E)(i), (Q), (7)(C), was repealed by Pub. L. 103-66, title IV, § 4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

This chapter, referred to in subsecs. (a)(6), (c)(9)(F)(iii), and (d), was in the original "this Act", meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

The Higher Education Amendments of 1992, referred to in subsec. (c)(3)(A)(i)(I), is Pub. L. 102-325, July 23, 1992, 106 Stat. 448, as amended. For complete classification of this Act to the Code, see Short Title of 1992 Amendment note set out under section 1001 of this title and Tables.

The National and Community Service Trust Act of 1993, referred to in subsec. (c)(3)(A)(i)(III), is Pub. L.

103-82, Sept. 21, 1993, 107 Stat. 785. For complete classification of this Act to the Code, see Short Title of 1993 Amendment note set out under section 12501 of Title 42, The Public Health and Welfare, and Tables.

Section 1232 of this title, referred to in subsec. (e)(1)(B)(ii), was in the original a reference to section 431 of the General Education Provisions Act. Sections 422 and 431 of that Act were renumbered as sections 431 and 437, respectively, by Pub. L. 103-382, title II, § 212(b)(1), Oct. 20, 1994, 108 Stat. 3913, and are classified to sections 1231a and 1232, respectively, of this title.

#### CODIFICATION

Amendments by section 2(c)(17), (26), (27) of Pub. L. 103-208 (which were effective as if included in Pub. L. 102-325) were executed to this section as amended by Pub. L. 102-325, Pub. L. 103-66, and Pub. L. 103-82, to reflect the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1078, Pub. L. 89-329, title IV, § 428, Nov. 8, 1965, 79 Stat. 1240; Pub. L. 90-460, §§ 1(a)(2), 2(a)(2), (b)(1), (2), 3(b), Aug. 3, 1968, 82 Stat. 634-636; Pub. L. 90-575, title I, §§ 111(a), (b)(1), 112(b), 113(b)(3), (4), 115(a)(1)-(3), (b), 116(b)(3), 117(a), (b), 120(a)(1), (b), (c)(1), Oct. 16, 1968, 82 Stat. 1020-1027; Pub. L. 92-318, title I, §§ 132(b), 132A(b), 132C(a), (b), 132D(b)-(d), June 23, 1972, 86 Stat. 261-264; Pub. L. 93-269, §§ 2-4, Apr. 18, 1974, 88 Stat. 87, 89; Pub. L. 94-328, § 2(b), June 30, 1976, 90 Stat. 727; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2108; S. Res. 4, Feb. 4, 1977; Pub. L. 95-43, § 1(a)(19)-(29), June 15, 1977, 91 Stat. 214-216; Pub. L. 95-566, § 5(a)(2), (b)(1), (3)-(5), Nov. 1, 1978, 92 Stat. 2403; S. Res. 30, Mar. 7, 1979; Pub. L. 96-49, § 5(b), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title IV, §§ 411(b), 412(c), (d), (f), 413(b), (d), 414, 415(a)(3)-(5), (b)(2), 417, 423(a)(2), (b)-(d), title XIII, § 1391(a)(1), (2), Oct. 3, 1980, 94 Stat. 1416-1420, 1422, 1432, 1503; Pub. L. 97-35, title V, §§ 532(a), (b)(1), 535(c), (d), 536(b), 537(a)(1), (b)(2), (c), (d)(1), (e)(2), Aug. 13, 1981, 95 Stat. 451, 452, 455-457; Pub. L. 98-79, § 10(b), Aug. 15, 1983, 97 Stat. 484; Pub. L. 99-272, title XVI, § 16012(b), 16013(a), (c), (e)(2), (3), 16014(a)(1), (b)(1), (2) formerly (1), (3) formerly (2), 16015(b), 16016, 16018(a)(2), 16021, 16032(c), Apr. 7, 1986, 100 Stat. 340-343, 348, 349, 355, renumbered and amended, Pub. L. 99-320, § 2(a), (b), May 23, 1986, 100 Stat. 491, related to Federal interest subsidy payments, prior to the general revision of this part by Pub. L. 99-498.

A prior section 1078a, Pub. L. 91-95, § 2, Oct. 22, 1969, 83 Stat. 141; Pub. L. 92-318, title I, § 134(a), June 23, 1972, 86 Stat. 270; Pub. L. 93-269, § 5, Apr. 18, 1974, 88 Stat. 89; Pub. L. 94-328, § 2(c), June 30, 1976, 90 Stat. 727; Pub. L. 94-482, title I, § 127(c)(1), Oct. 12, 1976, 90 Stat. 2142, related to special allowances for insured student loans, prior to repeal by Pub. L. 94-482, title I, § 127(c)(2), Oct. 12, 1976, 90 Stat. 2142.

#### AMENDMENTS

1994—Subsec. (c)(1)(G). Pub. L. 103-382 added subpar. (G).

1993—Subsec. (a)(2)(C)(i). Pub. L. 103-208, § 2(c)(11), substituted “; and” for period at end.

Subsec. (a)(2)(E). Pub. L. 103-208, § 2(c)(12), inserted “or 1078-8” after “1078-1”.

Subsec. (b)(1)(A)(ii), (iii). Pub. L. 103-208, § 2(c)(13)(A), added cls. (ii) and (iii) and struck out former cls. (ii) and (iii) which read as follows:

“(ii) in the case of a student who has successfully completed such first year but has not successfully completed the remainder of a program of undergraduate study—

“(I) \$3,500, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this title);

“(II) \$2,325, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such academic year; and

“(III) \$1,175, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such academic year;

“(iii) in the case of a student at an eligible institution who has successfully completed such first and second year but has not successfully completed the remainder of a program of undergraduate study—

“(I) \$5,500, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this title);

“(II) \$3,675, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such an academic year; and

“(III) \$1,825, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year; and”.

Subsec. (b)(1)(A)(iv), (v). Pub. L. 103-208, § 2(c)(13)(B), (C), added cl. (iv) and redesignated former cl. (iv) as (v).

Subsec. (b)(1)(B). Pub. L. 103-208, § 2(c)(14), substituted a semicolon for period at end of closing provisions.

Subsec. (b)(1)(D). Pub. L. 103-66, § 4043(a)(1), substituted “be subject to income contingent repayment in accordance with subsection (m) of this section;” for “be subject to repayment in accordance with the regulations required by subsection (m) of this section if the Secretary has published the finding required by paragraph (2) of such subsection;”.

Subsec. (b)(1)(G). Pub. L. 103-66, § 4108(b), substituted “98 percent” for “100 percent” and inserted before semicolon at end “, except that such program shall insure 100 percent of the unpaid principal of loans made with funds advanced pursuant to subsection (j) of this section or section 1087-2(q) of this title”.

Subsec. (b)(1)(H). Pub. L. 103-66, § 4102(c), substituted “1.0 percent” for “3 percent”.

Subsec. (b)(1)(N). Pub. L. 103-208, § 2(c)(15), amended subpar. (N) generally. Prior to amendment, subpar. (N) read as follows: “provides that funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this subchapter and part C of subchapter I of chapter 34 of title 42 shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check and except in the case of students who are studying outside the United States in a program of study abroad that is approved for credit by the home institution at which the student is enrolled, the funds shall, at the request of the borrower, be delivered directly to the student and the checks may be endorsed, and fund transfers authorized, pursuant to an authorized power-of-attorney;”.

Subsec. (b)(1)(U). Pub. L. 103-208, § 2(c)(16), inserted a comma after “emergency action” in two places and substituted “this clause” for “this clause;” at end.

Subsec. (b)(1)(V). Pub. L. 103-208, § 2(c)(17), redesignated subpar. (X) as (V) and struck out former subpar. (V) which related to procedure and requirements for granting a forbearance while a borrower is enrolled in a medical or dental internship or residency program. See Codification note above.

Subsec. (b)(1)(W). Pub. L. 103-208, § 2(c)(17), redesignated subpar. (Y) as (W) and struck out former subpar. (W) which read as follows:

“(i) provides that, upon written request, a lender shall grant a borrower forbearance on such terms as are otherwise consistent with the regulations of the Secretary, during periods in which the borrower is serving in a national service position, for which the borrower receives a national service educational award under the National and Community Service Trust Act of 1993;

“(ii) provides that clauses (iii) and (iv) of subparagraph (V) shall also apply to a forbearance granted under this subparagraph; and

“(iii) provides that interest shall continue to accrue on a loan for which a borrower receives forbearance under this subparagraph and shall be capitalized or paid by the borrower;”.

Pub. L. 103-82, § 102(c)(1)(A), added subpar. (W) and redesignated former subpar. (W) as (X).

Subsec. (b)(1)(X). Pub. L. 103-208, § 2(c)(17)(B), redesignated subpar. (Z) as (X). Former subpar. (X) redesignated (V). See Codification note above.

Pub. L. 103-82, §102(c)(1)(A)(i), redesignated subpar. (W) as (X). Former subpar. (X) redesignated (Y).

Subsec. (b)(1)(Y). Pub. L. 103-208, §2(c)(17)(B), redesignated subpar. (Y) as (W). See Codification note above.

Pub. L. 103-82, §102(c)(1)(A)(i), redesignated subpar. (X) as (Y). Former subpar. (Y) redesignated (Z).

Subsec. (b)(1)(Z). Pub. L. 103-208, §2(c)(17)(B), redesignated subpar. (Z) as (X). See Codification note above.

Pub. L. 103-82, §102(c)(1)(A)(i), redesignated subpar. (Y) as (Z).

Subsec. (b)(2)(F)(i). Pub. L. 103-208, §2(c)(18), substituted “either jointly or separately to provide a notice” for “each to provide a separate notice”.

Subsec. (b)(2)(F)(ii). Pub. L. 103-208, §2(c)(19)–(21), substituted “transferee” for “transferor” in introductory provisions, struck out “to another holder” after “the loan” in subcl. (I), and substituted “the new” for “such other” in subcl. (II).

Subsec. (b)(7). Pub. L. 103-208, §2(c)(22), amended par. (7) generally. Prior to amendment, par. (7) read as follows:

“(A) In the case of a loan made under section 1077 of this title or this section, the repayment period shall begin on the day immediately following the expiration of the 6-month period after the student ceases to carry at least one-half the normal full-time academic workload as determined by the institution, unless the borrower requests and is granted a repayment schedule that provides for repayment to commence at an earlier point in time, and shall exclude any period of authorized deferment or forbearance.

“(B) In the case of a loan made under section 1078-1 or 1078-8 of this title, the repayment period shall begin on the day the loan is disbursed, or, if the loan is disbursed in multiple installments, on the day of the last such disbursement, and shall exclude any period of authorized deferment or forbearance.

“(C) In the case of a loan made under section 1078-2 or 1078-3 of this title, the repayment period shall begin on the day the loan is disbursed, and shall exclude any period of authorized deferment or forbearance.”

Subsec. (b)(8). Pub. L. 103-208, §2(c)(23), added par. (8).

Subsec. (c)(1)(A). Pub. L. 103-208, §2(c)(24), substituted last sentence for former last sentence which read as follows: “In no case shall a guaranty agency file a claim under this subsection for reimbursement with respect to losses prior to 270 days after the loan becomes delinquent with respect to any installment thereon, or later than 45 days after the guaranty agency discharges its insurance obligation on the loan.”

Pub. L. 103-66, §4108(a)(1), substituted “98 percent” for “100 percent” in fourth sentence.

Subsec. (c)(1)(B), (E), (F). Pub. L. 103-66, §4108(a)(2)–(4), in subpar. (B), substituted “88 percent” for “90 percent” in cl. (i) and “78 percent” for “80 percent” in cl. (ii), and added subpars. (E) and (F).

Subsec. (c)(2)(G). Pub. L. 103-208, §2(c)(25), substituted “certifies” for “demonstrates” before “to the Secretary”.

Subsec. (c)(3)(A). Pub. L. 103-208, §2(c)(26), added subpar. (A) and struck out former subpar. (A) which read as follows: “shall contain provisions providing for forbearance in accordance with subparagraphs (V) and (W) of subsection (b)(1) of this section for the benefit of the student borrower serving in a medical or dental internship or residency program;”. See Codification note above.

Pub. L. 103-82, §102(c)(1)(B), substituted “subparagraphs (V) and (W) of subsection (b)(1)” for “subsection (b)(1)(V)”.

Subsec. (c)(6)(A)(ii). Pub. L. 103-66, §4110(a), substituted “27 percent” for “30 percent”.

Subsec. (c)(8). Pub. L. 103-66, §4044, designated existing provisions as subpar. (A), struck out second and third sentences, and added subpar. (B). Prior to amendment, second and third sentences read as follows: “Prior to making such determination for any guaranty agency, the Secretary shall, in consultation with the guaranty agency, develop criteria to determine whether such agency has made adequate collections efforts.

In determining whether a guaranty agency’s collection efforts have met such criteria, the Secretary shall consider the agency’s record of success in collecting on defaulted loans, the age of the loans, and the amount of recent payments received on the loans.”

Subsec. (c)(9). Pub. L. 103-66, §4107(a), redesignated par. (10) as (9) and struck out former par. (9) which required guaranty agencies to pay reinsurance fees to the Secretary.

Subsec. (c)(10). Pub. L. 103-66, §4107(a)(2), redesignated par. (10) as (9).

Subsec. (c)(10)(C). Pub. L. 103-66, §4045(1), inserted “, as appropriate,” after “the Secretary shall require”.

Subsec. (c)(10)(D). Pub. L. 103-66, §4045(2), designated existing provisions as cl. (i), substituted “If the Secretary is not seeking to terminate the guaranty agency’s agreement under subparagraph (E), or assuming the guaranty agency’s functions under subparagraph (F), a” for “Each”, and added cl. (ii).

Subsec. (c)(10)(E)(iv) to (vi). Pub. L. 103-66, §4045(3), added cls. (iv) to (vi).

Subsec. (c)(10)(F). Pub. L. 103-66, §4045(4)(A), substituted “If a guaranty” for “Except as provided in subparagraph (G), if a guaranty”.

Subsec. (c)(10)(F)(v). Pub. L. 103-66, §4045(4)(B), amended cl. (v) generally. Prior to amendment, cl. (v) read as follows: “provide the guaranty agency with additional advance funds in accordance with section 1072(c)(7) of this title in order to meet immediate cash needs of the guaranty agency and ensure the uninterrupted payment of claims, with such restrictions on the use of such funds, as determined appropriate by the Secretary; or”.

Subsec. (c)(10)(F)(vi), (vii). Pub. L. 103-66, §4045(4)(C), (D), in cl. (vi), substituted “to avoid” for “and to avoid” before “disruption of the student” and inserted before period at end “, and to ensure an orderly transition from the loan programs under this part to the direct student loan programs under part C of this subchapter”, redesignated cl. (vi) as (vii), and added new cl. (vi).

Subsec. (c)(10)(G). Pub. L. 103-66, §4045(5), (7), added subpar. (G) and struck out former subpar. (G) which read as follows: “The Secretary may not take any action under subparagraph (E) or (F) against any guaranty agency that is backed by the full faith and credit of the State where such guaranty agency is the primary guarantor.”

Subsec. (c)(10)(H) to (J). Pub. L. 103-66, §4045(6), (7), added subpar. (H) and redesignated former subpars. (H) and (I) as (I) and (J), respectively. Former subpar. (J) redesignated (K).

Subsec. (c)(10)(K). Pub. L. 103-66, §4045(6), (8), redesignated subpar. (J) as (K) and substituted “system and the progress of the transition from the loan programs under this part to the direct student loan programs under part C of this subchapter.” for “system, together with recommendations for legislative changes, if necessary, for the maintenance of a strong guaranty agency system.”

Subsec. (e)(1). Pub. L. 103-66, §4041(b)(1), amended heading, designated existing provisions as subpar. (A) and substituted “with which the Secretary has an agreement under subparagraph (B)” for “in any State”, and added subpar. (B).

Subsec. (e)(2). Pub. L. 103-66, §4041(b)(2)(A), in introductory provisions, substituted “with which the Secretary has an agreement under paragraph (1)(B)” for “in a State”.

Subsec. (e)(2)(A). Pub. L. 103-208, §2(c)(27), redesignated former cl. (i), subcl. (I) as (i) and former cl. (i), subcl. (II) as (ii) and struck out cl. (i) designation following subpar. (A) designation. See Codification note above.

Pub. L. 103-66, §4041(b)(2)(B), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “such student is either a resident of such State or is accepted for enrollment in or is attending an eligible institution in such State; and”.

Subsec. (e)(3). Pub. L. 103-66, §4041(b)(3), substituted “From funds available for costs of transition under section 1087h of this title, the” for “The”.

Subsec. (e)(5). Pub. L. 103-66, § 4041(b)(4), struck out par. (5) which related to authorization of appropriations.

Subsec. (f)(1)(A). Pub. L. 103-66, § 4107(b)(1), substituted "For a fiscal year prior to fiscal year 1994, the Secretary" for "The Secretary".

Subsec. (f)(1)(B). Pub. L. 103-66, § 4107(b)(2), inserted "prior to fiscal year 1994" after "any fiscal year".

Subsec. (j)(2). Pub. L. 103-208, § 2(c)(28), substituted "lender-of-last-resort" for "lender of last resort" in introductory provisions.

Subsec. (j)(2)(A) to (E). Pub. L. 103-66, § 4041(a)(2)(B), in subpar. (A) inserted before semicolon "and ensure a response within 60 days after the student's original complete application is filed under this subsection", added subpar. (B), and redesignated former subpars. (B) to (D) as (C) to (E), respectively.

Subsec. (j)(3). Pub. L. 103-66, § 4041(a)(1), added par. (3) consisting of subpars. (A) and (B), and struck out former par. (3) relating to limitation on lender-of-last-resort program, consisting of subpars. (A) to (C).

Subsec. (l)(2). Pub. L. 103-66, § 4112(a), inserted second sentence and struck out former second sentence which read as follows: "Such payments shall be equal to \$50.00 for each loan on which such assistance is performed and for which a default claim is not presented to the guaranty agency by the lender on or before the 150th day after the loan becomes 120 days delinquent."

Subsec. (m). Pub. L. 103-66, § 4043(a)(2), amended par. (1) generally, added par. (2), and struck out former pars. (2) to (4). Prior to amendment, former pars. (1) to (4) related to establishment of terms and conditions, collection mechanism, loans for which income contingent repayment is required, and additional authority, respectively.

Subsec. (n). Pub. L. 103-66, § 4201(a), added subsec. (n). 1992—Subsec. (a)(2)(C). Pub. L. 102-325, § 416(a)(1), amended cls. (i) and (ii) generally. Prior to amendment, cls. (i) and (ii) read as follows:

"(i) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A of this subchapter (as determined in accordance with section 1091(b) of this title), subpart 2 of part A of this subchapter, part D of this subchapter, and part C of subchapter I of chapter 34 of title 42, and any amount paid the student under chapters 32, 34, and 35 of title 38, plus other scholarship, grant, or loan assistance; and

"(ii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall be calculated by subtracting from the estimated cost of attendance at the eligible institution the total of the expected family contribution with respect to such student plus any estimated financial assistance reasonably available to such student."

Subsec. (a)(3)(A)(v). Pub. L. 102-325, § 416(a)(2), added cl. (v).

Subsec. (a)(5). Pub. L. 102-325, § 411(b)(2), substituted "September 30, 1998" for "September 30, 1992" and "September 30, 2002" for "September 30, 1997".

Subsec. (a)(7). Pub. L. 102-325, § 416(a)(3), added par. (7).

Subsec. (b)(1)(A). Pub. L. 102-325, § 416(b)(1)(A), inserted "or in a program of study abroad approved for credit by the eligible home institution at which such student is enrolled" in introductory provisions.

Subsec. (b)(1)(A)(i) to (iv). Pub. L. 102-325, § 416(b)(1)(B), added cls. (i) to (iv) and struck out former cls. (i) to (iii) which read as follows:

"(i) \$2,625, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

"(ii) \$4,000, in the case of a student who has successfully completed such first and second year but who has not successfully completed the remainder of a program of undergraduate education; and

"(iii) \$7,500, in the case of a graduate or professional student (as defined in regulations of the Secretary);".

Subsec. (b)(1)(B). Pub. L. 102-325, § 416(b)(2), which directed the amendment of subpar. (B) by striking clauses (i) and (ii) and inserting language which contained new cls. (i) and (ii) followed by concluding provisions, was executed by substituting the new cls. (i) and (ii) and concluding provisions for former cls. (i) and (ii) and former concluding provisions to reflect the probable intent of Congress. Prior to amendment, cls. (i) and (ii) and concluding provisions read as follows:

"(i) \$17,250, in the case of any student who has not successfully completed a program of undergraduate education, excluding loans made under section 1078-1 or 1078-2 of this title; and

"(ii) \$54,750, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such student before the student became a graduate or professional student), excluding loans made under section 1078-1 or 1078-2 of this title; except that the Secretary may increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive;"

Subsec. (b)(1)(D), (E). Pub. L. 102-325, § 416(c)(1), amended subpars. (D) and (E) generally. Prior to amendment, subpars. (D) and (E) read as follows:

"(D) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) except as provided in subparagraph (M) of this paragraph, the repayment period of any insured loan may not exceed 10 years, and (iii) the note or other written evidence of any loan, may contain such reasonable provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the Secretary in effect at the time such note or written evidence was executed;

"(E) subject to subparagraphs (D) and (L) of this paragraph and except as provided by subparagraph (M) of this paragraph, provides that repayment of loans shall be in installments over a period of not less than 5 years (unless the student, during the 6 months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than 10 years beginning 6 months after the month in which the student ceases to carry at least one-half the normal full-time academic workload as determined by the institution;"

Subsec. (b)(1)(L)(i). Pub. L. 102-325, § 416(d), substituted "(but in no instance less than the amount of interest due and payable)" for " , except that, in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than \$600 or the balance of all such loans, whichever is less".

Subsec. (b)(1)(M). Pub. L. 102-325, § 416(e)(1), amended subpar. (M) generally, revising and restating as cls. (i) to (iii) provisions formerly contained in cls. (i) to (xi).

Subsec. (b)(1)(N). Pub. L. 102-325, § 416(f), substituted "except in the case of students who are studying outside the United States in a program of study abroad that is approved for credit by the home institution at which the student is enrolled, the funds shall, at the request of the borrower, be delivered directly to the student and the checks may be endorsed, and fund transfers authorized, pursuant to an authorized power-of-attorney;" for "except in the case of attendance at an institution outside the United States, the funds shall be delivered directly to the student;"

Subsec. (b)(1)(T). Pub. L. 102-325, § 416(g), amended subpar. (T) generally. Prior to amendment, subpar. (T) read as follows: "provides no restrictions with respect to eligible institutions (other than nonresidential correspondence schools) which are more onerous than eligibility requirements for institutions under the Federal student loan insurance program as in effect on January 1, 1985, unless—

"(i) that institution is ineligible under regulations for the emergency action, limitation, suspension, or termination of eligible institutions under the Federal student loan insurance program or is ineligible pursu-

ant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility issued under the Federal student loan insurance program; or “(ii) there is a State constitutional prohibition affecting the eligibility of such an institution;”.

Subsec. (b)(1)(U)(iii). Pub. L. 102-325, § 416(h), added cl. (iii).

Subsec. (b)(1)(V). Pub. L. 102-325, § 416(i)(4), (5), added cls. (ii) and (iii) and redesignated former cl. (ii) as (iv).

Pub. L. 102-325, § 416(i)(3), which directed the amendment of cl. (ii) by substituting a semicolon for a period at end, could not be executed because the period had been stricken by Pub. L. 102-164, § 601(b)(2).

Pub. L. 102-325, § 416(i)(1), (2), struck out “and” at end of cl. (i) and inserted “or (ii)” after “clause (i)” in two places in cl. (ii).

Subsec. (b)(1)(W) to (Y). Pub. L. 102-325, § 416(j), added subpars. (W) to (Y) and struck out former subpars. (W) and (X) which related to credit reports, credit worthy cosigners, and authorizations for entry of judgments against borrowers in the event of default.

Subsec. (b)(2)(C). Pub. L. 102-325, § 416(k)(1), substituted “, including financial information, as the Secretary may reasonably require to carry out the Secretary’s functions under this part and protect the financial interest of the United States,” for “, as the Secretary may reasonably require to carry out the Secretary’s functions under this part,”.

Subsec. (b)(2)(D)(i). Pub. L. 102-325, § 416(k)(2)(A), substituted “on at least an annual basis” for “at least once every 2 years”.

Subsec. (b)(2)(E). Pub. L. 102-325, § 416(k)(3), designated existing provisions as cl. (i) and added cl. (ii).

Subsec. (b)(2)(F). Pub. L. 102-325, § 416(k)(2)(B), (4), added subpar. (F).

Subsec. (b)(3)(B) to (D). Pub. L. 102-325, § 416(l), added subpar. (B) and redesignated former subpars. (B) and (C) as (C) and (D), respectively.

Subsec. (b)(4). Pub. L. 102-325, § 416(n), inserted at end sentence relating to requests for deferment of repayment by students engaged in fellowship-supported study outside the United States.

Pub. L. 102-325, § 416(m), redesignated par. (5) as (4) and struck out former par. (4) which related to targeted teacher deferment rule.

Subsec. (b)(5). Pub. L. 102-325, § 416(m)(2), redesignated par. (6) as (5). Former par. (5) redesignated (4).

Subsec. (b)(6). Pub. L. 102-325, § 416(o), added par. (6). Former par. (6) redesignated (5).

Subsec. (b)(7). Pub. L. 102-325, § 416(c)(2), added par. (7).

Subsec. (c)(1)(A). Pub. L. 102-325, § 416(p)(1), substituted “, or later than 45 days after the guaranty agency discharges its insurance obligation on the loan,” for period at end.

Subsec. (c)(1)(D). Pub. L. 102-325, § 416(p)(2), added subpar. (D).

Subsec. (c)(2). Pub. L. 102-325, § 416(p)(3), struck out “and” at end of subpar. (F), added subpars. (G) and (H), and redesignated former subpar. (G) as (I).

Subsec. (c)(3). Pub. L. 102-325, § 416(p)(4), added subpar. (C) and concluding provisions and struck out former last sentence which read as follows: “Such regulations shall not preclude guaranty agencies from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default.”

Subsec. (c)(7)(A). Pub. L. 102-325, § 416(p)(5)(A), substituted “(1)(C)” for “(1)(B)” in introductory provisions and inserted “and ends before October 1, 1991” in cl. (i).

Subsec. (c)(7)(B). Pub. L. 102-325, § 416(p)(5)(D), added subpar. (B). Former subpar. (B) redesignated (C).

Subsec. (c)(7)(C). Pub. L. 102-325, § 416(p)(5)(B), (C), redesignated subpar. (B) as (C) and inserted “or (B)” after “(A)”.

Subsec. (c)(8). Pub. L. 102-325, § 416(p)(6), inserted provisions at end directing Secretary to develop criteria to determine whether agency has made adequate collection efforts and directing Secretary to consider certain factors in making determination.

Subsec. (c)(10). Pub. L. 102-325, § 416(p)(7), added par. (10).

Subsec. (f)(1)(A)(i). Pub. L. 102-325, § 416(q)(1), substituted “eligible lender” for “commercial lender”.

Subsec. (f)(1)(C). Pub. L. 102-325, § 416(q)(2), added subpar. (C).

Subsec. (j). Pub. L. 102-325, § 416(r), designated existing provisions as par. (1), inserted par. heading, and added pars. (2) and (3).

Subsec. (k)(3). Pub. L. 102-325, § 416(s), added par. (3).

Subsec. (m). Pub. L. 102-325, § 416(t), added subsec. (m).

1991—Subsec. (a)(2)(A)(iii). Pub. L. 102-164, § 602(b)(1), added cl. (iii).

Subsec. (a)(2)(F). Pub. L. 102-26 amended subpar. (F) generally. Prior to amendment, subpar. (F) read as follows: “Except as provided in subparagraph (D), an eligible institution may not, in carrying out the provisions of subparagraphs (A) and (B) of this paragraph, refuse to provide to any eligible lender which has an agreement under subsection (b) of this section with any guaranty agency, a statement which permits a student to receive any loan under this part, except that, in individual cases where the institution determines that the portion of the student’s expenses to be covered by the loan can be met more appropriately, either by the institution or directly by the student, from other sources, the institution may refuse to provide such statement or may reduce the determination of need contained in such statement.”

Subsec. (b)(1)(W). Pub. L. 102-164, § 601(b), added subpar. (W).

Subsec. (b)(1)(X). Pub. L. 102-164, § 604, added subpar. (X).

Subsec. (c)(6)(D). Pub. L. 102-164, § 605(b)(2), struck out subpar. (D) which read as follows: “In the case of a State which enacts and enforces a garnishment law that complies with the requirements of section 1078-5 of this title, subparagraph (A)(ii) shall be applied by substituting ‘35 percent’ for ‘30 percent’.”

1990—Subsec. (a)(2)(F). Pub. L. 101-508, § 3004(b), inserted before period at end “, except that, in individual cases where the institution determines that the portion of the student’s expenses to be covered by the loan can be met more appropriately, either by the institution or directly by the student, from other sources, the institution may refuse to provide such statement or may reduce the determination of need contained in such statement”.

Subsec. (c)(1)(A). Pub. L. 101-508, § 3002(a)(1), struck out before period at end of first sentence “, including the administrative costs of supplemental preclaim assistance for default prevention as defined in paragraph (6)(C)”.

Subsec. (c)(6)(C). Pub. L. 101-508, § 3002(a)(2)–(5), in introductory provisions of cl. (i), substituted “subsection (l) of this section” for “this paragraph”, in cl. (i)(I), substituted “generally comparable in intensiveness to the level of preclaims assistance performed, prior to the 120th day of delinquency, by the guaranty agency as of October 16, 1990” for “required or permitted under paragraph (2)(A) of this subsection and subsection (f) of this section”, in cl. (ii), substituted “payment under subsection (l) of this section” for “reimbursement” and “described in division (i)(I) of this subparagraph” for “which the guaranty agency is required or permitted to provide pursuant to paragraph (2)(A) of this subsection and subsection (f) of this section”, and in cl. (iv), struck out first sentence which read as follows: “The costs for each delinquent loan associated with carrying out this subparagraph may not exceed 2 percent of the outstanding principal balance of each such loan subject to the supplemental preclaims assistance authorized by this subparagraph or \$100, whichever is less.”

Subsec. (l). Pub. L. 101-508, § 3002(b), added subsec. (l). 1989—Subsec. (a)(2)(A)(i)(III). Pub. L. 101-239, § 2004(b)(1), added subcl. (III).

Subsec. (b)(1)(M)(i). Pub. L. 101-239, § 2002(a)(2), inserted before semicolon at end “, except that no borrower shall be eligible for a deferment under this



clause, or loan made under this part (other than a loan made under section 1078-2 or 1078-3 of this title), while serving in a medical internship or residency program”.

Subsec. (b)(1)(O). Pub. L. 101-239, §2004(b)(3), amended subpar. (O) generally, substituting requirement that student loans be disbursed in accordance with section 1078-7 of this title for provisions requiring that certain loans be disbursed directly by lender in 2 or more installments, none exceeding more than one-half of the loan, or in installments pursuant to escrow provisions in subsec. (i).

Subsec. (b)(1)(T)(i). Pub. L. 101-239, §2006(b)(1), inserted “emergency action,” after “regulations for the”.

Subsec. (b)(1)(U). Pub. L. 101-239, §2006(b), in cl. (i) inserted “emergency action,” after “regulations for the”, and in cl. (ii) inserted “take emergency action,” after “such program to”.

Subsec. (b)(1)(V). Pub. L. 101-239, §2002(b)(1)(A), added subpar. (V).

Subsec. (c)(3). Pub. L. 101-239, §2002(b)(1)(B), amended par. (3) generally. Prior to amendment, par. (3) read as follows: “To the extent provided in regulations of the Secretary, a guaranty agreement under this subsection may contain provisions which permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer. Such regulations shall not preclude guaranty agencies from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default.”

1988—Subsec. (b)(1)(M)(v). Pub. L. 100-369, §7(c), substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

Subsec. (b)(1)(M)(vii). Pub. L. 100-369, §11(a), inserted “after January 1, 1986,” after “service”.

Subsec. (b)(1)(O). Pub. L. 100-369, §5(b)(2), substituted “section 1078-2 or 1078-3” for “section 1078-1, 1078-2, or 1078-3”.

1987—Subsec. (a)(2)(D). Pub. L. 100-50, §10(e), substituted “certifies the eligibility of any student” for “permits the student”.

Subsec. (b)(1)(A)(i). Pub. L. 100-50, §10(f)(1), substituted “first and” for “first or”.

Subsec. (b)(1)(B)(i). Pub. L. 100-50, §10(a)(1), inserted “, excluding loans made under section 1078-1 or 1078-2 of this title” after “undergraduate education”.

Subsec. (b)(1)(B)(ii). Pub. L. 100-50, §10(a)(2), inserted “, excluding loans made under section 1078-1 or 1078-2 of this title” after “graduate or professional student”.

Subsec. (b)(1)(M)(vi). Pub. L. 100-50, §10(b)(1), inserted “nonprofit” before “private”.

Subsec. (b)(1)(M)(vii). Pub. L. 100-50, §10(b)(2), inserted “or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training” before semicolon at end.

Subsec. (b)(1)(N). Pub. L. 100-50, §10(f)(2), inserted “and except in the case of attendance at an institution outside the United States, the funds shall be delivered directly to the student” before semicolon at end.

Subsec. (b)(1)(O). Pub. L. 100-50, §10(c), substituted “\$1,000 or more” for “more than \$1,000”.

Subsec. (b)(1)(O)(i). Pub. L. 100-50, §10(f)(3), substituted “being disbursed” for “being dispensed”.

Subsec. (b)(1)(P). Pub. L. 100-50, §10(f)(4), added subpar. (P) and struck out former subpar. (P) which read as follows: “requires the borrower and the institution at which the borrower is in attendance to promptly notify the holder of the loan, directly or through the guaranty agency, concerning any change of address or status;”.

Subsec. (b)(1)(T). Pub. L. 100-50, §10(f)(5), inserted “(other than nonresidential correspondence schools)” after “eligible institutions”.

Subsec. (b)(5). Pub. L. 100-50, §10(g), substituted “paragraph (1)(M)(i)(III)” for “paragraph (1)(M)”.

Subsec. (b)(6)(A). Pub. L. 100-50, §10(h)(1), substituted “Until such time as the Secretary has implemented

section 1092b of this title and is able to provide to guaranty agencies the information required by such section” for “Prior to the implementation of section 1092b of this title”.

Subsec. (b)(6)(B)(ii). Pub. L. 100-50, §10(h)(2), added cl. (ii) and struck out former cl. (ii) which read as follows: “the amount borrowed, the cumulative amount borrowed, the income reported on the loan application, and the purposes and the cost of attendance of the borrower.”

Subsec. (c)(1)(A). Pub. L. 100-203, §3002(b)(1), substituted “shall be deemed” for “shall, subject to section 1072(e) of this title, be deemed”.

Pub. L. 100-203, §3001(b)(1), substituted “shall, subject to section 1072(e) of this title, be deemed” for “shall be deemed”.

Subsec. (c)(6)(C)(iv). Pub. L. 100-50, §10(i), inserted at end “In the case of accounts brought into repayment status as a result of performing supplemental preclaims assistance, the cost of such assistance is a permissible charge to the borrower (for the cost of collection) for which the borrower shall be liable.”

Subsec. (c)(6)(D). Pub. L. 100-50, §10(j), inserted “and enforces” after “enacts”.

Subsec. (c)(9)(A). Pub. L. 100-203, §3002(b)(2), substituted “an amount equal to” for “an amount, subject to section 1072(e) of this title, equal to” in introductory provisions.

Pub. L. 100-203, §3001(b)(2), substituted “an amount, subject to section 1072(e) of this title, equal to” for “an amount equal to” in introductory provisions.

Subsec. (c)(9)(A)(i), (ii). Pub. L. 100-50, §10(k)(1), inserted “covered” before “loans”.

Subsec. (c)(9)(D). Pub. L. 100-50, §10(k)(2), added subpar. (D).

Subsec. (f)(1)(B). Pub. L. 100-203, §3002(b)(3), substituted “shall be deemed” for “shall, subject to section 1072(e) of this title, be deemed”.

Pub. L. 100-203, §3001(b)(3), substituted “shall, subject to section 1072(e) of this title, be deemed” for “shall be deemed”.

Subsec. (i)(1). Pub. L. 100-50, §10(l), struck out “multiple” after “authorizing” and substituted “21 days” for “45 days”.

Subsec. (j). Pub. L. 100-50, §10(m), inserted provision at end that the guaranty agency consider the request of an eligible lender to serve as the lender-of-last-resort pursuant to this subsection.

Subsec. (k)(1). Pub. L. 100-203, §3003, substituted “Notwithstanding any other provision of law, in” for “In”, “guaranty agency shall” for “guaranty agency may”, and “subsection shall include” for “subsection may include”.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1994 AMENDMENT

Section 355(b) of Pub. L. 103-382 provided that: “Subsection (a) [amending this section] and the amendment made by subsection (a) shall take effect on August 10, 1993.”

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendment by section 2(c)(11), (12), (14)–(17), (22)–(28) of Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, amendment by section 2(c)(13)(A) of Pub. L. 103-208 effective on and after July 1, 1994, amendment by section 2(c)(13)(B), (C) and (18) of Pub. L. 103-208 effective on and after Dec. 20, 1993, and amendment by section 2(c)(19)–(21) of Pub. L. 103-208 effective on and after 30 days after Dec. 20, 1993, see section 5(a), (b)(2), (3), (6) of Pub. L. 103-208, set out as a note under section 1003 of this title.

Amendment by Pub. L. 103-82 effective Oct. 1, 1993, see section 123 of Pub. L. 103-82, set out as a note under section 1701 of Title 16, Conservation.

Section 4043(b) of Pub. L. 103-66 provided that: "The amendments made by this section [amending this section] shall take effect on July 1, 1994."

Section 4102(d) of Pub. L. 103-66 provided that: "The amendments made by this section [amending this section and sections 1078-8 and 1087-1 of this title] shall take effect on July 1, 1994."

Section 4107(c) of Pub. L. 103-66 provided that: "The amendments made by this section [amending this section] shall take effect on October 1, 1993."

Section 4108(c) of Pub. L. 103-66 provided that: "The amendments made by this section [amending this section] shall apply to any loan for which the first disbursement is made on or after October 1, 1993."

Section 4110(b) of Pub. L. 103-66 provided that: "The amendment made by subsection (a) [amending this section] shall take effect on October 1, 1993."

Section 4112(b) of Pub. L. 103-66 provided that: "The amendment made by this section [amending this section] shall take effect on October 1, 1993."

Section 4201(b) of Pub. L. 103-66 provided that: "The amendment made by this section [amending this section] shall take effect on October 1, 1994."

#### EFFECTIVE DATE OF 1992 AMENDMENT

Section 432 of Pub. L. 102-325, as amended by Pub. L. 103-208, §2(k)(5), Dec. 20, 1993, 107 Stat. 2486, provided that:

"(a) IN GENERAL.—The changes made in part B of title IV of the Act [20 U.S.C. 1071 et seq.] by the amendments made by this part [part B (§§411-432) of title IV of Pub. L. 102-325, see Tables for classification] shall take effect on the date of enactment of this Act [July 23, 1992], except—

"(1) as otherwise provided in such part B;

"(2) that the changes made in sections 425(a), 428(b)(1)(A), 428(b)(1)(B), 428A(b), 428B(b) [20 U.S.C. 1075(a), 1078(b)(1)(A), (B), 1078-1(b), 1078-2(b)], relating to annual and aggregate loan limits, shall apply with respect to loans for which the first disbursement is made on or after July 1, 1993, except that—

"(A) the changes made in section 425(a)(1)(A)(i) and 428(b)(1)(A)(i) shall apply with respect to loans for which the first disbursement is made on or after October 1, 1992; and

"(B) the changes made in section 425(a)(1)(A)(iv) and 428(b)(1)(A)(iv) shall apply with respect to loans to cover the costs of instruction for periods of enrollment beginning on or after October 1, 1993;

"(3) that the changes made in sections 427(a)(2)(C), 428(b)(1)(M), and 428B(d)(1) [20 U.S.C. 1077(a)(2)(C), 1078(b)(1)(M), 1078-2(d)(1)], relating to deferments, shall apply with respect to loans for which the first disbursement is made on or after July 1, 1993, to an individual who is a new borrower on the date such individual applies for a loan;

"(4) that the changes made in sections 428(a)(7) and 428(f)(1)(C), relating to payments for unconsummated loans, shall apply with respect to loans made on or after October 1, 1992;

"(5) that the changes made in sections 427(a)(2)(H) and 428(b)(1)(E)(i), relating to offering graduated or income sensitive repayment options, shall apply with respect to loans for which the first disbursement is made on or after July 1, 1993, to an individual who is a new borrower on the date such individual applies for a loan;

"(6) that the changes made in section 428(b)(4), relating to teacher deferment, shall apply with respect to loans for which the first disbursement is made on or after July 1, 1993, to an individual who is a new borrower on the date such individual applies for a loan;

"(7) that section 428(c)(2)(H)(i) as added by such amendments shall be effective on and after October 1, 1992;

"(8) that the changes in section 428(c)(3) with respect to forbearance after a default shall be effective on and after October 1, 1992;

"(9) that the changes made in section 428B(a) [20 U.S.C. 1078-2(a)] with respect to use of credit histories shall apply with respect to loans for which the first disbursement is made on or after July 1, 1993;

"(10) that section 428B(c) as added by such amendments, relating to disbursement of Federal PLUS Loans, shall apply with respect to loans for which the first disbursement is made on or after October 1, 1992;

"(11) that the changes made in section 428C [20 U.S.C. 1078-3], relating to consolidation loans, shall apply with respect to loans under such section for which the application is received by an eligible lender on or after January 1, 1993;

"(12) that section 428H [20 U.S.C. 1078-8] as added by such amendments shall be effective with respect to loans made to cover the cost of instruction for periods of enrollment beginning on or after October 1, 1992;

"(13) that the changes made in section 438 [20 U.S.C. 1087-1] shall apply with respect to loans for which the first disbursement is made on or after October 1, 1992;

"(14) that the changes in section 439(d)(1) [20 U.S.C. 1087-2(d)(1)], relating to facilities loans, shall apply with respect to applications received on or after July 1, 1992; and

"(15) that the changes in the designation or names of loans or programs under part B is [sic] effective with respect to applications or other documents (used in making such loans) that are printed after the date of enactment of this Act.

"(b) NEW BORROWERS.—For purposes of the section, the term 'new borrower' means, with respect to any date, an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under part B of title IV of the Act [20 U.S.C. 1071 et seq.]."

#### EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by section 2002(a)(2) of Pub. L. 101-239 applicable to any loan made, insured, or guaranteed under this part or part D of this subchapter, including a loan made before Dec. 19, 1989, and amendment effective Jan. 1, 1990, but inapplicable with respect to any portion of a period of deferment granted to a borrower under section 1077(a)(2)(C)(i), 1078(b)(1)(M)(i), or 1087dd(c)(2)(A)(i) of this title for service in a medical internship or residency program completed prior to Dec. 19, 1989, see section 2002(a)(4) of Pub. L. 101-239, set out as a note under section 1077 of this title.

Section 2002(b)(2) of Pub. L. 101-239 provided that: "The amendments made by this subsection [amending this section] shall apply with respect to loans made before, on, or after the date of enactment of this Act [Dec. 19, 1989]."

Amendment by section 2004(b)(1), (3) of Pub. L. 101-239 applicable with respect to loans made to cover the cost of instruction for periods of enrollment beginning on or after Jan. 1, 1990, see section 2004(c) of Pub. L. 101-239, set out as a note under section 1077 of this title.

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 11(a) of Pub. L. 100-369 applicable with respect to loans made, insured or guaranteed under this part on, before, or after June 3, 1987, see section 11(b) of Pub. L. 100-369, set out as a note under section 1077 of this title.

Amendment by section 5(b)(2) of Pub. L. 100-369 effective with respect to loans made on or after Oct. 1, 1988, and amendment by section 7(c) of Pub. L. 100-369 effective July 18, 1988, see section 13(b) of Pub. L. 100-369, set out as a note under section 1091 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENTS

Section 3002(b)(1)-(3) of Pub. L. 100-203 provided in part that the amendments by section 3002(b)(1)-(3) of Pub. L. 100-203 are effective Sept. 30, 1989.

Amendment by section 10(b) of Pub. L. 100-50 applicable with respect to loans made, insured or guaranteed under this part on, before, or after June 3, 1987, see sec-

tion 11(b) of Pub. L. 100-369, set out as an Effective Date of 1988 Amendment note under section 1077 of this title.

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1987, with subsection (b)(1)(M) (except cls. (viii), (ix), and (x)) applicable only to loans to new borrowers made to cover the costs of instruction for periods of enrollment beginning on or after July 1, 1987, or disbursed on or after July 1, 1987, subsection (b)(1)(A) and (B) applicable with respect only to loans disbursed on or after Jan. 1, 1987, or made to cover the costs of instruction for periods of enrollment beginning on or after Jan. 1, 1987, and subsection (b)(1)(H) applicable with respect only to loans for which the borrower files an application on or after July 1, 1987, see section 402(b) of Pub. L. 99-498, set out as a note under section 1071 of this title.

#### GUARANTEED STUDENT LOAN FAMILY CONTRIBUTION SCHEDULE FOR THE PERIODS OF INSTRUCTION BEGINNING AFTER JUNE 30, 1983

Pub. L. 97-301, §9, Oct. 13, 1982, 96 Stat. 1403, as amended by Pub. L. 98-79, §4(b), Aug. 15, 1983, 97 Stat. 481; Pub. L. 98-511, title VII, §707(7), (8), Oct. 19, 1984, 98 Stat. 2407, 2408; Pub. L. 99-272, title XVI, §16018(b), Apr. 7, 1986, 100 Stat. 348; Pub. L. 99-498, title IV, §408(a)(6), (7), Oct. 17, 1986, 100 Stat. 1495, specified that the family contribution schedule for specific periods of instruction through June 30, 1988, for loans made, insured, or guaranteed under this part be the family contribution schedule for such loans for the period of instruction from July 1, 1982, through June 30, 1983, and required the family contribution schedule for the period of instruction from July 1, 1982, through June 30, 1983, to be modified by the Secretary of Education for use for each of the specific periods of instruction to reflect the most recent and relevant data, prior to repeal by Pub. L. 99-498, title IV, §408(b), Oct. 17, 1986, 100 Stat. 1495, effective with respect to any academic year beginning on or after July 1, 1988, Pub. L. 97-301.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1058, 1071, 1072, 1073, 1077a, 1078-2, 1078-3, 1078-6, 1078-7, 1078-8, 1080, 1080a, 1081, 1082, 1084, 1085, 1087, 1087-1, 1087-2, 1087a, 1087c, 1087e, 1087f, 1091, 1091a, 1092, 1094, 1095a, 1099a-1, 1099a-3, 1104b of this title; title 16 section 1727; title 42 section 12656.

#### § 1078-1. Repealed. Pub. L. 103-66, title IV, § 4047(b), Aug. 10, 1993, 107 Stat. 364

Section, Pub. L. 89-329, title IV, §428A, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1384; amended Pub. L. 100-50, §10(n), (o)(1), (p)(1), (q), (r)(1), June 3, 1987, 101 Stat. 343, 344; Pub. L. 100-369, §§3-5(a), (b)(3), July 18, 1988, 102 Stat. 835, 836; Pub. L. 101-239, title II, §2003(a)(1), (b)(1), (c)(1), Dec. 19, 1989, 103 Stat. 2112, 2114; Pub. L. 101-508, title III, §3006(b), Nov. 5, 1990, 104 Stat. 1388-28; Pub. L. 102-26, §2(c)(1), Apr. 9, 1991, 105 Stat. 123; Pub. L. 102-325, title IV, §417, July 23, 1992, 106 Stat. 529; Pub. L. 103-208, §2(c)(29)-(32), Dec. 20, 1993, 107 Stat. 2465, 2466, related to Federal supplemental loans for students.

A prior section 1078-1, Pub. L. 89-329, title IV, §428A, as added Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2120; amended Pub. L. 95-43, §1(a)(30)-(32), June 15, 1977, 91 Stat. 216; Pub. L. 96-374, title IV, §412(e), (f), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1416, 1417, 1503; Pub. L. 97-35, title V, §535(e), Aug. 13, 1981, 95 Stat. 455, related to student loan insurance programs, prior to the general revision of this part by Pub. L. 99-498.

#### EFFECTIVE DATE OF REPEAL

Repeal effective July 1, 1994, except as otherwise provided, see section 4047(d) of Pub. L. 103-66, set out as an

Effective Date of 1993 Amendments note under section 1078-8 of this title.

#### CONTINUING APPLICABILITY OF TERMS, CONDITIONS, AND BENEFITS OF LOANS

Terms, conditions, and benefits applicable with respect to loans provided under this section as it existed on the date preceding Aug. 10, 1993, to continue to apply after Aug. 10, 1993, notwithstanding repeal of this section, see section 4047(c) of Pub. L. 103-66, set out as a note under section 1078-8 of this title.

#### § 1078-2. Federal PLUS loans

##### (a) Authority to borrow

Parents of a dependent student, who do not have an adverse credit history as determined pursuant to regulations of the Secretary, shall be eligible to borrow funds under this section in amounts specified in subsection (b) of this section, and unless otherwise specified in subsections (c), (d), and (e) of this section, such loans shall have the same terms, conditions, and benefits as all other loans made under this part. Whenever necessary to carry out the provisions of this section, the terms “student” and “borrower” as used in this part shall include a parent borrower under this section.

##### (b) Limitation based on need

Any loan under this section may be counted as part of the expected family contribution in the determination of need under this subchapter and part C of subchapter I of chapter 34 of title 42, but no loan may be made to any parent under this section for any academic year in excess of (A) the student’s estimated cost of attendance, minus (B) other financial aid as certified by the eligible institution under section 1078(a)(2)(A) of this title. The annual insurable limit on account of any student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

##### (c) PLUS loan disbursement

All loans made under this section shall be disbursed in accordance with the requirements of section 1078-7 of this title and shall be disbursed by—

- (1) an electronic transfer of funds from the lender to the eligible institution; or
- (2) a check copayable to the eligible institution and the parent borrower.

##### (d) Payment of principal and interest

###### (1) Commencement of repayment

Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, subject to deferral during any period during which the parent meets the conditions required for a deferral under section 1077(a)(2)(C) or 1078(b)(1)(M) of this title.

###### (2) Capitalization of interest

Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) of this subsection shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly, or (B) be added to the principal amount of the loan not more frequently than quarterly by the lender.

Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the borrower.

**(3) Subsidies prohibited**

No payments to reduce interest costs shall be paid pursuant to section 1078(a) of this title on loans made pursuant to this section.

**(4) Applicable rates of interest**

Interest on loans made pursuant to this section shall be at the applicable rate of interest provided in section 1077a(c) of this title.

**(5) Amortization**

The amount of the periodic payment and the repayment schedule for any loan made pursuant to this section shall be established by assuming an interest rate equal to the applicable rate of interest at the time the repayment of the principal amount of the loan commences. At the option of the lender, the note or other written evidence of the loan may require that—

(A) the amount of the periodic payment will be adjusted annually, or

(B) the period of repayment of principal will be lengthened or shortened,

in order to reflect adjustments in interest rates occurring as a consequence of section 1077a(c)(4) of this title.

**(e) Refinancing**

**(1) Refinancing to secure combined payment**

An eligible lender may at any time consolidate loans held by it which are made under this section to a borrower, including loans which were made under this section as in effect prior to October 17, 1986, under a single repayment schedule which provides for a single principal payment and a single payment of interest, and shall calculate the repayment period for each included loan from the date of the commencement of repayment of the most recent included loan. Unless the consolidated loan is obtained by a borrower who is electing to obtain variable interest under paragraph (2) or (3), such consolidated loan shall bear interest at the weighted average of the rates of all included loans. The extension of any repayment period of an included loan pursuant to this paragraph shall be reported (if required by them) to the Secretary or guaranty agency insuring the loan, as the case may be, but no additional insurance premiums shall be payable with respect to any such extension. The extension of the repayment period of any included loan shall not require the formal extension of the promissory note evidencing the included loan or the execution of a new promissory note, but shall be treated as an administrative forbearance of the repayment terms of the included loan.

**(2) Refinancing to secure variable interest rate**

An eligible lender may reissue a loan which was made under this section before July 1, 1987, or under this section as in effect prior to October 17, 1986, in order to permit the borrower to obtain the interest rate provided under section 1077a(c)(4) of this title. A lender offering to reissue a loan or loans for such pur-

pose may charge a borrower an amount not to exceed \$100 to cover the administrative costs of reissuing such loan or loans, not more than one-half of which shall be paid to the guarantor of the loan being reissued to cover costs of reissuance. Reissuance of a loan under this paragraph shall not affect any insurance applicable with respect to the loan, and no additional insurance fee may be charged to the borrower with respect to the loan.

**(3) Refinancing by discharge of previous loan**

A borrower who has applied to an original lender for reissuance of a loan under paragraph (2) and who is denied such reissuance may obtain a loan from another lender for the purpose of discharging the loan from such original lender. A loan made for such purpose—

(A) shall bear interest at the applicable rate of interest provided under section 1077a(c)(4) of this title;

(B) shall not result in the extension of the duration of the note (other than as permitted under subsection (c)(5)(B) of this section);

(C) may be subject to an additional insurance fee but shall not be subject to the administrative cost charge permitted by paragraph (2) of this subsection; and

(D) shall be applied to discharge the borrower from any remaining obligation to the original lender with respect to the original loan.

**(4) Certification in lieu of promissory note presentation**

Each new lender may accept certification from the original lender of the borrower's original loan in lieu of presentation of the original promissory note.

**(5) Notification to borrowers of availability of refinancing options**

Each holder of a loan made under this section or under this section as in effect prior to October 17, 1986, shall, not later than October 1, 1987, in the case of loans made before October 17, 1986, notify the borrower of such loan—

(A) of the refinancing options for which the borrower is eligible under this subsection;

(B) of those options which will be made available by the holder and of the practical consequences of such options in terms of interest rates and monthly and total payments for a set of loan examples; and

(C) that, with respect to any option that the holder will not make available, the holder will, to the extent practicable, refer the borrower to an eligible lender offering such option.

(Pub. L. 89-329, title IV, § 428B, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1386; amended Pub. L. 100-50, § 10(o), (p)(2), (q), (r)(1), June 3, 1987, 101 Stat. 343, 344; Pub. L. 102-325, title IV, § 418, July 23, 1992, 106 Stat. 531; Pub. L. 103-66, title IV, § 4109(a), Aug. 10, 1993, 107 Stat. 369.)

**CODIFICATION**

October 17, 1986, referred to in subsec. (e)(5), was in the original “the date of enactment of this Act”, which

was translated as meaning the date of enactment of Pub. L. 99-498 which enacted this section in the general revision of this part, to reflect the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1078-2, Pub. L. 89-329, title IV, § 428B, as added Pub. L. 96-374, title IV, § 419, Oct. 3, 1980, 94 Stat. 1424; amended Pub. L. 97-35, title V, §§ 532(b)(3), 534(a)(2), (c)(1), (2), Aug. 13, 1981, 95 Stat. 452, 454; Pub. L. 98-79, § 12, Aug. 15, 1983, 97 Stat. 484, related to auxiliary loans to assist students, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (c). Pub. L. 103-66 inserted “shall be disbursed in accordance with the requirements of section 1078-7 of this title and” after “under this section”.

1992—Pub. L. 102-325, § 418(a), substituted “Federal PLUS” for “PLUS” in section catchline.

Subsec. (a). Pub. L. 102-325, § 418(b)(1), substituted “subsections (c), (d), and (e)” for “subsections (c) and (d)” and inserted “, who do not have an adverse credit history as determined pursuant to regulations of the Secretary,” after “a dependent student”.

Subsec. (b). Pub. L. 102-325, § 418(b)(2), struck out subsec. (b) designation and heading, redesignated par. (3) as subsec. (b), and struck out pars. (1) and (2) which set the annual limit on the amount parents may borrow for one student in any academic year at \$4,000 and set the aggregate insured principal amount for insured loans at not to exceed \$20,000.

Subsec. (c). Pub. L. 102-325, § 418(b)(4), added subsec. (c). Former subsec. (c) redesignated (d).

Subsec. (d). Pub. L. 102-325, § 418(c), (d), amended pars. (1) and (2) generally. Prior to amendment, pars. (1) and (2) read as follows:

“(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 60 days after the date such loan is disbursed by the lender, subject to deferral (A) during any period during which the parent meets the conditions required for a deferral under clause (i), (viii), or (ix) of section 1077(a)(2)(C) or 1078(b)(1)(M) of this title; and (B) during any period during which the borrower has a dependent student for whom a loan obligation was incurred under this section and who meets the conditions required for a deferral under clause (i) of either such section.

“(2) CAPITALIZATION OF INTEREST.—Interest on loans made under this section for which payments of principal are deferred pursuant to paragraph (1) of this subsection shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly or (B) be added to the principal amount of the loan on a quarterly basis by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.”

Pub. L. 102-325, § 418(b)(3), redesignated subsec. (c) as (d). Former subsec. (d) redesignated (e).

Subsec. (e). Pub. L. 102-325, § 418(b)(3), redesignated subsec. (d) as (e).

1987—Subsec. (a). Pub. L. 100-50, § 10(o)(2)(A), struck out “, but such a parent borrower shall not be eligible for any deferment pursuant to section 1077(a)(2)(C) or 1078(b)(1)(M) of this title except for the deferments allowed (with respect to the student) under clauses (i), (viii), and (ix) of such sections” after “borrower under this section”.

Subsec. (b)(3). Pub. L. 100-50, § 10(p)(2), amended first sentence generally, substituting “for any academic year in excess of (A) the student’s estimated cost of attendance, minus (B) other financial aid” for “which would cause the combined loans of the parent and the student for any academic year to exceed the student’s estimated cost of attendance minus such student’s estimated financial assistance”.

Subsec. (c)(1). Pub. L. 100-50, § 10(o)(2)(B), struck out “pursuant to sections 1077(a)(2)(C)(i), (viii), and (ix) and

1078(b)(1)(M)(i), (viii), and (ix) of this title” after “subject to deferral” and inserted in lieu cls. (A) and (B).

Subsec. (c)(2). Pub. L. 100-50, § 10(o)(1), (2)(C), (q), in introductory provisions, struck out “and interest” after first reference to “principal”, and substituted “pursuant to paragraph (1) of this subsection” for “under sections 1077(a)(2)(C)(i) and 1078(b)(1)(M)(i) of this title”, and, in subpar. (A), inserted “monthly or” before “quarterly”.

Subsec. (d)(1). Pub. L. 100-50, § 10(r)(1)(A), inserted “at any time” after “eligible lender may” in first sentence, substituted “the consolidated loan is obtained by a borrower who is electing to obtain variable interest under paragraph (2) or (3)” for “the borrower complies with the requirements of paragraph (2)” in second sentence, and inserted “(if required by them)” after “shall be reported” in third sentence.

Subsec. (d)(2). Pub. L. 100-50, § 10(r)(1)(B), inserted “under this section before July 1, 1987, or” before “under this section” and substituted “to reissue a loan or loans” for “to reissue a loan” and “reissuing such loan or loans” for “reissuing such loan”.

Subsec. (d)(5). Pub. L. 100-50, § 10(r)(1)(C), substituted “October 1, 1987” for “January 1, 1987” and, in subpar. (B), inserted “and of the practical consequences of such options in terms of interest rates and monthly and total payments for a set of loan examples” before semicolon at end.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Section 4109(c) of Pub. L. 103-66 provided that: “The amendments made by this section [amending this section and section 1078-7 of this title] shall be effective with respect to loans for which the first disbursement is made on or after October 1, 1993.”

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective July 23, 1992, except that changes made in subsec. (b), relating to annual and aggregate loan limits, are applicable with respect to loans for which first disbursement is made on or after July 1, 1993, changes made in subsec. (a) with respect to use of credit histories are applicable with respect to loans for which first disbursement is made on or after July 1, 1993, and subsec. (c), as added by Pub. L. 102-325, relating to disbursement of Federal PLUS Loans, is applicable with respect to loans for which first disbursement is made on or after Oct. 1, 1992, see section 432 of Pub. L. 102-325, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### AMENDMENT OF NOTE OR OTHER WRITTEN EVIDENCE OF LOAN BY ELIGIBLE LENDER AT REQUEST OF BORROWER; CIRCUMSTANCES; DENIAL OF REQUEST

Section 10(r)(2) of Pub. L. 100-50 provided that: “An eligible lender who has refinanced a loan or loans under section 428A(d) or 428B(d) [20 U.S.C. 1078-1(d), 1078-2(d)] between the date of enactment of the Higher Education Amendments of 1986 [Oct. 17, 1986] and July 1, 1987, may, at the request of a borrower or with the written consent of the borrower, amend the note or other written evidence of loan as necessary to comply with the requirements of such sections and section 427A(c)(4) [20 U.S.C. 1077a(c)(4)] as amended by this Act. Any borrower who is denied such a request shall be treated as eligible to obtain a loan from another lender under section 428A(d)(3) or 428B(d)(3), as applicable, for the purposes of discharging the loan from the original lender, and a borrower exercising this option shall not be subject to an additional insurance fee under section 428A(d)(3)(C) or 428B(d)(3)(C).”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1075, 1077, 1077a, 1078, 1078-8, 1078-10, 1083, 1085, 1087, 1087-0, 1087-1, 1087d,

1087e, 1091, 1091b, 1092, 1099a-3 of this title; title 26 section 144; title 42 section 12604.

### § 1078-3. Federal consolidation loans

#### (a) Agreements with eligible lenders

##### (1) Agreement required for insurance coverage

For the purpose of providing loans to eligible borrowers for consolidation of their obligations with respect to eligible student loans, the Secretary or a guaranty agency shall enter into agreements in accordance with subsection (b) of this section with the following eligible lenders:

(A) the Student Loan Marketing Association;

(B) State agencies described in subparagraphs (D) and (F) of section 1085(d)(1) of this title; and

(C) other eligible lenders described in subparagraphs (A), (B), (C), (E), and (J) of such section.

##### (2) Insurance coverage of consolidation loans

Except as provided in section 1079(e) of this title, no contract of insurance under this part shall apply to a consolidation loan unless such loan is made under an agreement pursuant to this section and is covered by a certificate issued in accordance with subsection (b)(2) of this section. Loans covered by such a certificate that is issued by a guaranty agency shall be considered to be insured loans for the purposes of reimbursements under section 1078(c) of this title, but no payment shall be made with respect to such loans under section 1078(f) of this title to any such agency.

##### (3) "Eligible borrower" defined

(A) For the purpose of this section, the term "eligible borrower" means a borrower who, at the time of application for a consolidation loan is in repayment status, or in a grace period preceding repayment, or is a defaulted borrower who has made arrangements to repay the obligation on the defaulted loans satisfactory to the holders of the defaulted loans.

(B)(i) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section, except—

(I) with respect to eligible student loans received after the date of receipt of the consolidation loan; and

(II) that loans received prior to the date of the consolidation loan may be added to the consolidation loan during the 180-day period following the making of the consolidation loan.

(ii) Loans made under this section shall, to the extent used to discharge loans made under this subchapter and part C of subchapter I of chapter 34 of title 42, be counted against applicable limitations on aggregate indebtedness contained in sections 1075(a)(2), 1078(b)(1)(B), 1078-1(b)(2),<sup>1</sup> and 1087dd(a)(2) of this title.

(C)(i) A married couple, each of whom has eligible student loans, may be treated as if such couple were an individual borrowing under

subparagraphs (A) and (B) if such couple agrees to be held jointly and severally liable for the repayment of a consolidation loan, without regard to the amounts of the respective loan obligations that are to be consolidated, and without regard to any subsequent change that may occur in such couple's marital status.

(ii) Only one spouse in a married couple applying for a consolidation loan under this subparagraph need meet any of the requirements of subsection (b) of this section, except that each spouse shall—

(I) individually make the initial certification that no other application is pending in accordance with subsection (b)(1)(A) of this section; and

(II) agree to notify the holder concerning any change of address in accordance with subsection (b)(4) of this section.

##### (4) "Eligible student loans" defined

For the purpose of paragraph (1), the term "eligible student loans" means loans—

(A) made, insured, or guaranteed under this part, including loans on which the borrower has defaulted (but has made arrangements to repay the obligation on the defaulted loans satisfactory to the Secretary or guaranty agency, whichever insured the loans);

(B) made under part D of this subchapter;

(C) made under subpart II of part A of title VII of the Public Health Service Act [42 U.S.C. 292q et seq.]; or

(D) made under subpart II of part B of title VIII of the Public Health Service Act [42 U.S.C. 297a et seq.].

#### (b) Contents of agreements, certificates of insurance, and loan notes

##### (1) Agreements with lenders

Any lender described in subparagraph (A), (B), or (C) of subsection (a)(1) of this section who wishes to make consolidation loans under this section shall enter into an agreement with the Secretary or a guaranty agency which provides—

(A) that, in the case of all lenders described in subsection (a)(1) of this section, the lender will make a consolidation loan to an eligible borrower (on request of that borrower) only if the borrower certifies that the borrower has no other application pending for a loan under this section and (i) the lender holds an outstanding loan of that borrower which is selected by the borrower for consolidation under this section, or (ii) the borrower certifies that the borrower has sought and has been unable to obtain a consolidation loan with income-sensitive repayment terms from the holders of the outstanding loans of that borrower (which are so selected for consolidation);

(B) that each consolidation loan made by the lender will bear interest, and be subject to repayment, in accordance with subsection (c) of this section;

(C) that each consolidation loan will be made, notwithstanding any other provision of this part limiting the annual or aggregate

<sup>1</sup> See References in Text note below.

principal amount for all insured loans made to a borrower, in an amount (i) which is not less than the minimum amount required for eligibility of the borrower under subsection (a)(3) of this section, and (ii) which is equal to the sum of the unpaid principal and accrued unpaid interest and late charges of all eligible student loans received by the eligible borrower which are selected by the borrower for consolidation;

(D) that the proceeds of each consolidation loan will be paid by the lender to the holder or holders of the loans so selected to discharge the liability on such loans;

(E) that the lender shall offer an income-sensitive repayment schedule, established by the lender in accordance with the regulations promulgated by the Secretary, to the borrower of any consolidation loan made by the lender on or after July 1, 1994; and

(F) such other terms and conditions as the Secretary or the guaranty agency may specifically require of the lender to carry out this section.

**(2) Issuance of certificate of comprehensive insurance coverage**

The Secretary shall issue a certificate of comprehensive insurance coverage under section 1079(b) of this title to a lender which has entered into an agreement with the Secretary under paragraph (1) of this subsection. The guaranty agency may issue a certificate of comprehensive insurance coverage to a lender with which it has an agreement under such paragraph. The Secretary shall not issue a certificate to a lender described in subparagraph (B) or (C) of subsection (a)(1) of this section unless the Secretary determines that such lender has first applied to, and has been denied a certificate of insurance by, the guaranty agency which insures the preponderance of its loans (by value).

**(3) Contents of certificate**

A certificate issued under paragraph (2) shall, at a minimum, provide—

(A) that all consolidation loans made by such lender in conformity with the requirements of this section will be insured by the Secretary or the guaranty agency (whichever is applicable) against loss of principal and interest;

(B) that a consolidation loan will not be insured unless the lender has determined to its satisfaction, in accordance with reasonable and prudent business practices, for each loan being consolidated—

(i) that the loan is a legal, valid, and binding obligation of the borrower;

(ii) that each such loan was made and serviced in compliance with applicable laws and regulations; and

(iii) in the case of loans under this part, that the insurance on such loan is in full force and effect;

(C) the effective date and expiration date of the certificate;

(D) the aggregate amount to which the certificate applies;

(E) the reporting requirements of the Secretary on the lender and an identification of

the office of the Department of Education or of the guaranty agency which will process claims and perform other related administrative functions;

(F) the alternative repayment terms which will be offered to borrowers by the lender;

(G) that, if the lender prior to the expiration of the certificate no longer proposes to make consolidation loans, the lender will so notify the issuer of the certificate in order that the certificate may be terminated (without affecting the insurance on any consolidation loan made prior to such termination); and

(H) the terms upon which the issuer of the certificate may limit, suspend, or terminate the lender's authority to make consolidation loans under the certificate (without affecting the insurance on any consolidation loan made prior to such limitation, suspension, or termination).

**(4) Terms and conditions of loans**

A consolidation loan made pursuant to this section shall be insurable by the Secretary or a guaranty agency pursuant to paragraph (2) only if the loan is made to an eligible borrower who has agreed to notify the holder of the loan promptly concerning any change of address and the loan is evidenced by a note or other written agreement which—

(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him or her would not, under applicable law, create a binding obligation, endorsement may be required;

(B) provides for the payment of interest and the repayment of principal in accordance with subsection (c) of this section;

(C)(i) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid in accordance with clause (ii), during any period for which the borrower would be eligible for a deferral under section 1078(b)(1)(M) of this title, and that any such period shall not be included in determining the repayment schedule pursuant to subsection (c)(2) of this section; and

(ii) provides that interest shall accrue and be paid—

(I) by the Secretary, in the case of a consolidation loan that consolidated only Federal Stafford Loans for which the student borrower received an interest subsidy under section 1078 of this title; or

(II) by the borrower, or capitalized, in the case of a consolidation loan other than a loan described in subclause (I);

(D) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan; and

(E)(i) contains a notice of the system of disclosure concerning such loan to credit bureau organizations under section 1080a of this title, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations.

**(5) Direct loans**

In the event that a borrower is unable to obtain a consolidation loan from a lender with

an agreement under subsection (a)(1) of this section, or is unable to obtain a consolidation loan with income-sensitive repayment terms acceptable to the borrower from such a lender, the Secretary shall offer any such borrower who applies for it, a direct consolidation loan. Such direct consolidation loan shall, as requested by the borrower, be repaid either pursuant to income contingent repayment under part C of this subchapter or pursuant to any other repayment provision under this section. The Secretary shall not offer such loans if, in the Secretary's judgment, the Department of Education does not have the necessary origination and servicing arrangements in place for such loans.

**(c) Payment of principal and interest**

**(1) Interest rates**

(A) Consolidation loans made under this section shall bear interest at rates determined under subparagraph (B) or (C). For the purposes of payment of special allowances under section 1087-1(b)(2) of this title, the interest rate required by this subsection is the applicable interest rate with respect to a consolidation loan.

(B) A consolidation loan made before July 1, 1994, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the greater of—

- (i) the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent; or
- (ii) 9 percent.

(C) A consolidation loan made on or after July 1, 1994, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the weighted average of the interest rates on the loans consolidated, rounded upward to the nearest whole percent.

**(2) Repayment schedules**

(A) Notwithstanding any other provision of this part, to the extent authorized by its certificate of insurance under subsection (b)(2)(F) of this section and approved by the issuer of such certificate, the lender of a consolidation loan shall establish repayment terms as will promote the objectives of this section, which shall include the establishment of graduated or income-sensitive repayment schedules, established by the lender in accordance with the regulations of the Secretary. Except as required by such income-sensitive repayment schedules, or by the terms of repayment pursuant to income contingent repayment offered by the Secretary under subsection (b)(5) of this section, such repayment terms shall require that if the sum of the consolidation loan and the amount outstanding on other student loans to the individual—

- (i) is less than \$7,500, then such consolidation loan shall be repaid in not more than 10 years;
- (ii) is equal to or greater than \$7,500 but less than \$10,000, then such consolidation loan shall be repaid in not more than 12 years;
- (iii) is equal to or greater than \$10,000 but less than \$20,000, then such consolidation

loan shall be repaid in not more than 15 years;

(iv) is equal to or greater than \$20,000 but less than \$40,000, then such consolidation loan shall be repaid in not more than 20 years;

(v) is equal to or greater than \$40,000 but less than \$60,000, then such consolidation loan shall be repaid in not more than 25 years; or

(vi) is equal to or greater than \$60,000, then such consolidation loan shall be repaid in not more than 30 years.

(B) The amount outstanding on other student loans which may be counted for the purpose of subparagraph (A) may not exceed the amount of the consolidation loan.

**(3) Additional repayment requirements**

Notwithstanding paragraph (2)—

(A) a repayment schedule established with respect to a consolidation loan shall require that the minimum installment payment be an amount equal to not less than the accrued unpaid interest; and

(B) except as required by the terms of repayment pursuant to income contingent repayment offered by the Secretary under subsection (b)(5) of this section, the lender of a consolidation loan may, with respect to repayment on the loan, when the amount of a monthly or other similar payment on the loan is not a multiple of \$5, round the payment to the next highest whole dollar amount that is a multiple of \$5.

**(4) Commencement of repayment**

Repayment of a consolidation loan shall commence within 60 days after all holders have, pursuant to subsection (b)(1)(D) of this section, discharged the liability of the borrower on the loans selected for consolidation.

**(5) Insurance premiums prohibited**

No insurance premium shall be charged to the borrower on any consolidation loan, and no insurance premium shall be payable by the lender to the Secretary with respect to any such loan, but a fee may be payable by the lender to the guaranty agency to cover the costs of increased or extended liability with respect to such loan.

**(d) Special program authorized**

**(1) General rule and definition of eligible student loan**

**(A) In general**

Subject to the provisions of this subsection, the Secretary or a guaranty agency shall enter into agreements with eligible lenders described in subparagraphs (A), (B), and (C) of subsection (a)(1) of this section for the consolidation of eligible student loans.

**(B) Applicability rule**

Unless otherwise provided in this subsection, the agreements entered into under subparagraph (A) and the loans made under such agreements for the consolidation of eligible student loans under this subsection shall have the same terms, conditions, and benefits as all other agreements and loans made under this section.



**(C) “Eligible student loans” defined**

For the purpose of this subsection, the term “eligible student loans” means loans—

- (i) of the type described in subparagraphs (A), (B), and (C) of subsection (a)(4) of this section; and
- (ii) made under subpart I of part A of title VII of the Public Health Service Act [42 U.S.C. 292 et seq.].

**(2) Interest rate rule****(A) In general**

The portion of each consolidated loan that is attributable to an eligible student loan described in paragraph (1)(C)(ii) shall bear interest at a rate not to exceed the rate determined under subparagraph (B).

**(B) Determination of the maximum interest rate**

For the 12-month period beginning after July 1, 1992, and for each 12-month period thereafter, beginning on July 1 and ending on June 30, the interest rate applicable under subparagraph (A) shall be equal to the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the quarter prior to July 1, for each 12-month period for which the determination is made, plus 3 percent.

**(C) Publication of maximum interest rate**

The Secretary shall determine the applicable rate of interest under subparagraph (B) after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of such determination.

**(3) Special rules****(A) No special allowance rule**

No special allowance under section 1087-1 of this title shall be paid with respect to the portion of any consolidated loan under this subsection that is attributable to any loan described in paragraph (1)(C)(ii).

**(B) No interest subsidy rule**

No interest subsidy under section 1078(a) of this title shall be paid on behalf of any eligible borrower for any portion of a consolidated loan under this subsection that is attributable to any loan described in paragraph (1)(C)(ii).

**(C) Additional reserve rule**

Notwithstanding any other provision of this chapter, additional reserves shall not be required for any guaranty agency with respect to a loan made under this subsection.

**(D) Insurance rule**

Any insurance premium paid by the borrower under subpart I of part A of title VII of the Public Health Service Act [42 U.S.C. 292 et seq.] with respect to a loan made under that subpart and consolidated under this subsection shall be retained by the student loan insurance fund established under section 710 of the Public Health Service Act [42 U.S.C. 292i].

**(4) Regulations**

The Secretary is authorized to promulgate such regulations as may be necessary to facili-

tate carrying out the provisions of this subsection.

**(e) Termination of authority**

The authority to make loans under this section expires at the close of September 30, 1998. Nothing in this section shall be construed to authorize the Secretary to promulgate rules or regulations governing the terms or conditions of the agreements and certificates under subsection (b) of this section. Loans made under this section which are insured by the Secretary shall be considered to be new loans made to students for the purpose of section 1074(a) of this title.

**(f) Interest payment rebate fee****(1) In general**

For any month beginning on or after October 1, 1993, each holder of a consolidation loan under this section for which the first disbursement was made on or after October 1, 1993, shall pay to the Secretary, on a monthly basis and in such manner as the Secretary shall prescribe, a rebate fee calculated on an annual basis equal to 1.05 percent of the principal plus accrued unpaid interest on such loan.

**(2) Deposit**

The Secretary shall deposit all fees collected pursuant to subsection (a) of this section into the insurance fund established in section 1081 of this title.

(Pub. L. 89-329, title IV, §428C, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1388; amended Pub. L. 100-50, §10(s), June 3, 1987, 101 Stat. 345; Pub. L. 102-325, title IV, §419, July 23, 1992, 106 Stat. 532; Pub. L. 102-408, title III, §306(a), (b), Oct. 13, 1992, 106 Stat. 2084, 2086; Pub. L. 103-66, title IV, §§4046(a), (b)(2), 4106(a), Aug. 10, 1993, 107 Stat. 360, 363, 368; Pub. L. 103-208, §2(c)(33)-(37), Dec. 20, 1993, 107 Stat. 2466; Pub. L. 103-382, title III, §356, Oct. 20, 1994, 108 Stat. 3967.)

## REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsec. (a)(3)(B)(ii), was repealed by Pub. L. 103-66, title IV, §4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

The Public Health Service Act, referred to in subsecs. (a)(4)(C), (D) and (d)(1)(C)(ii), (3)(D), is act July 1, 1944, ch. 373, 58 Stat. 682, as amended. Subparts I and II of part A of title VII of the Act are classified generally to subpart I (§292 et seq.) and subpart II (§292q et seq.), respectively, of part A of subchapter V of chapter 6A of Title 42, The Public Health and Welfare. Subpart II of part B of title VIII of the Act is classified generally to subpart II (§297a et seq.) of part B of subchapter VI of chapter 6A of Title 42. For complete classification of this Act to the Code, see Short Title note set out under section 201 of Title 42 and Tables.

This chapter, referred to in subsec. (d)(3)(C), was in the original “this Act”, meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

## CODIFICATION

Amendments by section 2(c)(33), (36) of Pub. L. 103-208 (which were effective as if included in Pub. L. 102-325) were executed to this section as amended by Pub. L.

102-325 and Pub. L. 103-66, to reflect the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1078-3, Pub. L. 89-329, title IV, § 428C, as added Pub. L. 99-272, title XVI, § 16017(a), Apr. 7, 1986, 100 Stat. 343, related to consolidation loans, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1994—Subsec. (a)(4)(D). Pub. L. 103-382 added subpar. (D).

1993—Subsec. (a)(3). Pub. L. 103-66, § 4046(a)(1), amended heading.

Subsec. (a)(3)(A). Pub. L. 103-208, § 2(c)(33), substituted “defaulted borrower who has made arrangements to repay the obligation on the defaulted loans satisfactory to the holders of the defaulted loans” for “delinquent or defaulted borrower who will reenter repayment through loan consolidation”. See Codification note above.

Pub. L. 103-66, § 4046(a)(1), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “For the purpose of this section, the term ‘eligible borrower’ means a borrower who, at the time of application for a consolidation loan—

“(i) has an outstanding indebtedness on eligible student loans, at the time of application for a consolidation loan, of not less than \$7,500; and

“(ii) is in repayment status, or in a grace period preceding repayment, or is a delinquent or defaulted borrower who will reenter repayment through loan consolidation.”

Subsec. (a)(3)(B)(ii). Pub. L. 103-66, § 4046(b)(2), struck out at end “Nothing in this section shall be interpreted to authorize the Secretary to require lenders, holders, or guarantors of consolidated loans to receive, to maintain, or to make reports with respect to preexisting records relating to any eligible student loan (as defined under paragraph (4)) discharged by a borrower in receiving a consolidation loan.”

Subsec. (a)(4)(A). Pub. L. 103-208, § 2(c)(34), struck out before semicolon at end “, except for loans made to parent borrowers under section 1078-2 of this title as in effect prior to October 17, 1986”.

Subsec. (a)(4)(C). Pub. L. 103-208, § 2(c)(35), substituted “part A” for “part C” before “of title VII of the Public Health Service Act”.

Subsec. (b)(1)(A), (E), (F). Pub. L. 103-66, § 4046(a)(2)(A), inserted “with income-sensitive repayment terms” after “obtain a consolidation loan” in subpar. (A)(ii), added subpar. (E), and redesignated former subpar. (E) as (F).

Subsec. (b)(4)(C). Pub. L. 103-66, § 4046(a)(2)(B), amended subpar. (C) generally. Prior to amendment, subpar. (C) read as follows: “provides that periodic installments of principal need not be paid, but interest shall accrue and be paid by the Secretary, during any period for which the borrower would be eligible for a deferral under section 1078(b)(1)(M) of this title, and that any such period shall not be included in determining the repayment period pursuant to subsection (c)(2) of this section;”.

Subsec. (b)(5). Pub. L. 103-66, § 4046(a)(2)(C), added par. (5).

Subsec. (c)(1)(B), (C). Pub. L. 103-66, § 4046(a)(3)(A), amended subpars. (B) and (C) generally. Prior to amendment, subpars. (B) and (C) read as follows:

“(B) Except as provided in subparagraph (C), a consolidation loan shall bear interest at an annual rate on the unpaid principal balance of the loan which is equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent.

“(C) A consolidation loan shall bear interest at an annual rate on the unpaid principal balance of the loan equal to not less than 9 percent.”

Subsec. (c)(2)(A). Pub. L. 103-208, § 2(c)(36), inserted period at end of cl. (vi). See Codification note above.

Pub. L. 103-66, § 4046(a)(3)(B)(i), in introductory provisions substituted “income-sensitive repayment schedules, established by the lender in accordance with the regulations of the Secretary. Except as required by such income-sensitive repayment schedules, or by the terms of repayment pursuant to income contingent repayment offered by the Secretary under subsection (b)(5) of this section, such repayment terms” for “income sensitive repayment schedules. Such repayment terms”, added cl. (i), and redesignated former cls. (i) to (v) as (ii) to (vi), respectively.

Subsec. (c)(2)(B), (C). Pub. L. 103-66, § 4046(a)(3)(B)(ii), (iii), redesignated subpar. (C) as (B) and struck out former subpar. (B) which read as follows: “Unless a consolidation loan under subparagraph (A)(ii) will be used to discharge at least \$5,000 of loans made under this part, such loan shall be repaid in accordance with subparagraph (A)(i).”

Subsec. (c)(3)(A). Pub. L. 103-208, § 2(c)(37), inserted “be an amount” before “equal to”.

Subsec. (c)(3)(B). Pub. L. 103-66, § 4046(a)(3)(C), inserted “except as required by the terms of repayment pursuant to income contingent repayment offered by the Secretary under subsection (b)(5) of this section,” before “the lender”.

Subsec. (f). Pub. L. 103-66, § 4106(a), added subsec. (f). 1992—Pub. L. 102-325, § 419(a), substituted “Federal consolidation” for “Consolidation” in section catchline.

Subsec. (a)(3)(A)(i). Pub. L. 102-325, § 419(b)(1)(A), substituted “\$7,500” for “\$5,000”.

Subsec. (a)(3)(A)(ii). Pub. L. 102-325, § 419(b)(1)(B), amended cl. (ii) generally. Prior to amendment, cl. (ii) read as follows: “is in repayment status, or in a grace period preceding repayment, and is not delinquent with respect to any required payment on such indebtedness by more than 90 days.”

Subsec. (a)(3)(B). Pub. L. 102-325, § 419(c), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “An individual’s status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section except with respect to eligible student loans received after the date of receipt of the consolidation loan. Loans made under this section shall, to the extent used to discharge loans made under this subchapter and part C of subchapter I of chapter 34 of title 42, be counted against the applicable limitations on aggregate indebtedness contained in sections 1075(a)(2), 1078(b)(1)(B), 1078-1(b)(2), and 1087dd(a)(2) of this title. Nothing in this subparagraph shall be interpreted to authorize the Secretary to require lenders, holders, or guarantors of consolidation loans to receive, to maintain, or to make reports with respect to pre-existing records relating to any eligible student loan (as defined under subsection (a)(4) of this section) discharged by a borrower in receiving a consolidation loan.”

Subsec. (a)(3)(C). Pub. L. 102-325, § 419(d), added subpar. (C).

Subsec. (a)(4)(A). Pub. L. 102-325, § 419(b)(2), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “made, insured, or guaranteed under this part, except for loans made to parent borrowers under section 1078-2 of this title, including loans made to parent borrowers under section 1078-2 of this title as in effect prior to October 17, 1986;”.

Subsec. (b)(4)(C). Pub. L. 102-325, § 419(e), amended subpar. (C) generally. Prior to amendment, subpar. (C) read as follows: “provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period for which the borrower would be eligible for a deferral under clause (i), (viii), or (ix) of section 1078(b)(1)(M) of this title, and that any such period shall not be included in determining the repayment period pursuant to subsection (c)(2) of this section;”.

Subsec. (c)(2)(A). Pub. L. 102-325, § 419(f), substituted “which shall include” for “which may include” in first sentence, inserted second sentence, and struck out former second sentence which read as follows: “Such

repayment terms shall require that if the sum of the consolidation loan and the amount outstanding on other student loans to the individual—

“(i) is equal to or greater than \$5,000 but less than \$7,500, then such consolidation loan shall be repaid in not more than 10 years;

“(ii) is equal to or greater than \$7,500 but less than \$10,000, then such consolidation loan shall be repaid in not more than 12 years;

“(iii) is equal to or greater than \$10,000 but less than \$20,000, then such consolidation loan shall be repaid in not more than 15 years;

“(iv) is equal to or greater than \$20,000 but less than \$45,000, then such consolidation loan shall be repaid in not more than 20 years; or

“(v) is equal to or greater than \$45,000, then such consolidation loan shall be repaid in not more than 25 years.”

Subsec. (d). Pub. L. 102-408, §306(a), added subsec. (d). Former subsec. (d) redesignated (e).

Pub. L. 102-325, §419(g), substituted “September 30, 1998” for “September 30, 1992”.

Subsec. (e). Pub. L. 102-408, §306(b), which directed the substitution of “1997” for “1992”, could not be executed because “1992” did not appear in text subsequent to the amendment by Pub. L. 102-325, §419(g). See above.

Pub. L. 102-408, §306(a)(1), redesignated subsec. (d) as subsec. (e).

1987—Subsec. (a)(1)(C). Pub. L. 100-50, §10(s)(1), which directed the amendment of subpar. (C) by substituting “(C), (E), and (J)” for “(C) and (E)”, was executed by substituting the new language for “(C), and (E)”, as the probable intent of Congress.

Subsec. (a)(3)(A). Pub. L. 100-50, §10(s)(2), struck out cl. (iii) which read as follows: “is not a parent borrower under section 1078-2 of this title.”

Subsec. (a)(3)(B). Pub. L. 100-50, §10(s)(3), substituted “eligible student loans received” for “loans received under this subchapter and part C of subchapter I of chapter 34 of title 42”, “under this subchapter and part C of subchapter I of chapter 34 of title 42” for “under this part”, and “1078(b)(1)(B), 1078-1(b)(2), and 1087dd(a)(2) of this title” for “and 1078(b)(1)(B) of this title”, and inserted provision that nothing in subpar. (B) should be interpreted to authorize Secretary to require lenders, holders, or guarantors of consolidation loans to make reports with respect to pre-existing records relating to eligible student loans discharged by a borrower in receiving a consolidation loan.

Subsec. (a)(4)(A). Pub. L. 100-50, §10(s)(4), inserted exception for loans made to parent borrowers under section 1078-2 of this title.

Subsec. (b)(1)(C). Pub. L. 100-50, §10(s)(5), in cl. (i), substituted “subsection (a)(3) of this section” for “subsection (a)(2) of this section” and, in cl. (ii), substituted “all eligible student loans received by the eligible borrower” for “all loans received by the eligible borrower under this subchapter and part C of subchapter I of chapter 34 of title 42”.

Subsec. (c)(2)(A)(v). Pub. L. 100-50, §10(s)(6), substituted “equal to or greater” for “more” the first time appearing, as the probable intent of Congress.

Subsec. (c)(5). Pub. L. 100-50, §10(s)(7), inserted “, but a fee may be payable by the lender to the guaranty agency to cover the costs of increased or extended liability with respect to such loan” before period at end.

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

Section 4046(c) of Pub. L. 103-66 provided that: “The amendments made by this section [amending this section and section 1085 of this title] shall take effect on July 1, 1994, except that the amendments made by subsection (a)(2)(B) [amending this section] shall take effect upon enactment [Aug. 10, 1993].”

#### EFFECTIVE DATE OF 1992 AMENDMENTS

Section 306(c) of Pub. L. 102-408 provided that: “The amendments made by this section [amending this section] take effect 60 days after the date of enactment of this Act [Oct. 13, 1992].”

Amendment by Pub. L. 102-325 effective July 23, 1992, except that changes made in this section, relating to consolidation loans, applicable with respect to loans for which the application is received by an eligible lender on or after Jan. 1, 1993, see section 432, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### COST EVALUATION REPORT

Pub. L. 99-272, title XVI, §16017(d), Apr. 7, 1986, 100 Stat. 348, provided that: “The Secretary of Education shall evaluate the cost, efficiency, and impact of the consolidation loan program established by the amendments made by this section [enacting former section 1078-3 of this title and amending former sections 1077, 1085, 1087-1, and 1087-2 of this title] and shall report to the Congress not later than June 30, 1988, on the findings and recommendations required by this subsection.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1077, 1077a, 1078, 1078-7, 1078-10, 1083, 1085, 1087, 1087-1, 1087-2, 1087e, 1091, 1092a of this title; title 42 section 292e.

### § 1078-4. Commingling of funds

Notwithstanding any other provision of this part regarding permissible uses of funds from any source, funds received by a guaranty agency under any provision of this part may be commingled with funds received under any other provision of this part and may be used to carry out the purposes of such other provision, except that—

(1) the total amount expended for the purposes of such other provision shall not exceed the amount the guaranty agency would otherwise be authorized to expend; and

(2) the authority to commingle such funds shall not relieve such agency of any accounting or auditing obligations under this part.

(Pub. L. 89-329, title IV, §428D, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1393.)

### § 1078-5. Repealed. Pub. L. 102-164, title VI, §605(b)(1), Nov. 15, 1991, 105 Stat. 1068

Section, Pub. L. 89-329, title IV, §428E, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1393; amended Pub. L. 100-50, §10(t), June 3, 1987, 101 Stat. 345, related to State garnishment law requirements.

### § 1078-6. Default reduction program

#### (a) Other repayment incentives

##### (1) Sale of loan

(A) Each guaranty agency shall enter into an agreement with the Secretary which shall provide that upon securing consecutive payments for 12 months of amounts owed on a loan for which the Secretary has made a payment under paragraph (1) of section 1078(c) of this title, the guaranty agency (pursuant to an

agreement with the Secretary) or the Secretary shall, if practicable, sell the loan to an eligible lender. Such loan shall not be sold to an eligible lender who has been found by the guaranty agency or the Secretary to have substantially failed to exercise the due diligence required of lenders under this part. Neither the guaranty agency nor the Secretary shall demand from a borrower as monthly payment amounts referred to in this paragraph more than is reasonable and affordable based upon the borrower's total financial circumstances.

(B) An agreement between the guaranty agency and the Secretary for purposes of this paragraph shall provide—

(i) for the repayment by the agency to the Secretary of 81.5 percent of the amount of the principal balance outstanding at the time of such sale, multiplied by the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

(ii) for the reinstatement by the Secretary (I) of the obligation to reimburse such agency for the amount expended by it in discharge of its insurance obligation under its loan insurance program, and (II) of the obligation to pay to the holder of such loan a special allowance pursuant to section 1087-1 of this title.

(C) A loan which does not meet the requirements of subparagraph (A) may also be eligible for sale under this paragraph upon a determination that the loan was in default due to clerical or data processing error and would not, in the absence of such error, be in a delinquent status.

## **(2) Use of proceeds of sales**

Amounts received by the Secretary pursuant to the sale of such loans by a guaranty agency under paragraph (1) of this subsection shall be deducted from the calculations of the amount of reimbursement for which the agency is eligible under paragraph (1)(B)(ii) of this subsection for the fiscal year in which the amount was received, notwithstanding the fact that the default occurred in a prior fiscal year.

## **(3) Borrower eligibility**

Any borrower whose loan is sold under paragraph (1) shall not be precluded by section 1091 of this title from receiving additional loans or grants under this subchapter and part C of subchapter I of chapter 34 of title 42 (for which he or she is otherwise eligible) on the basis of defaulting on the loan prior to such loan sale.

## **(4) Applicability of general loan conditions**

A loan which is sold under paragraph (1) of this subsection shall, so long as the borrower continues to make scheduled repayments thereon, be subject to the same terms and conditions and qualify for the same benefits and privileges as other loans made under this part.

## **(b) Special rule**

Each guaranty agency shall establish a program which allows a borrower with a defaulted loan or loans to renew eligibility for all title IV student financial assistance (regardless of

whether the defaulted loan has been sold to an eligible lender) upon the borrower's payment of 6 consecutive monthly payments. The guaranty agency shall not demand from a borrower as a monthly payment amount under this subsection more than is reasonable and affordable based upon the borrower's total financial circumstances. A borrower may only obtain the benefit of this subsection with respect to renewed eligibility once.

(Pub. L. 89-329, title IV, § 428F, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1394; amended Pub. L. 100-50, § 10(u), June 3, 1987, 101 Stat. 346; Pub. L. 101-239, title II, § 2005(a), Dec. 19, 1989, 103 Stat. 2116; Pub. L. 102-325, title IV, § 420, July 23, 1992, 106 Stat. 534; Pub. L. 103-208, § 2(c)(38)-(40), Dec. 20, 1993, 107 Stat. 2466.)

## **REFERENCES IN TEXT**

Title IV, referred to in subsec. (b), means title IV of the Higher Education Act of 1965, Pub. L. 89-329, which is classified generally to this subchapter and part C (§ 2751 et seq.) of subchapter I of chapter 34 of Title 42, The Public Health and Welfare. For complete classification of title IV to the Code, see Tables.

## **AMENDMENTS**

1993—Subsec. (a)(2). Pub. L. 103-208, § 2(c)(38), substituted “paragraph (1) of this subsection” for “this paragraph” and “this subsection” for “this section”.

Subsec. (a)(4). Pub. L. 103-208, § 2(c)(39), substituted “paragraph (1) of this subsection” for “this paragraph”.

Subsec. (b). Pub. L. 103-208, § 2(c)(40), inserted at end “A borrower may only obtain the benefit of this subsection with respect to renewed eligibility once.”

1992—Subsec. (a). Pub. L. 102-325, § 420(1)-(3), redesignated subsec. (b) as (a), in par. (1)(A) substituted “Each guaranty agency shall enter into an agreement with the Secretary which shall provide that upon” for “Upon” and inserted provision at end that neither the guaranty agency nor the Secretary demand from the borrower as monthly payments more than is reasonable and affordable based upon the borrower's total financial circumstances, in par. (3) inserted “or grants” after “loans”, and struck out former subsec. (a) which related to program requirements for the default reduction program.

Subsec. (b). Pub. L. 102-325, § 420(4), added subsec. (b). Former subsec. (b) redesignated (a).

1989—Pub. L. 101-239 amended section generally, substituting provisions relating to default reduction program for former provisions relating to rehabilitation of defaulted loans.

1987—Subsecs. (b), (c). Pub. L. 100-50 redesignated subsec. (c) as (b) and struck out former subsec. (b) which read as follows: “The loans which shall be eligible for rehabilitation under this section shall be only those loans which are made to borrowers who, at the time of default on the loan, are unemployed or institutionalized.”

## **EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## **EFFECTIVE DATE OF 1987 AMENDMENT**

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

PUBLICITY THROUGH COMMUNICATIONS MEDIA OF  
AVAILABILITY OF DEFAULT REDUCTION PROGRAM

Section 2005(b) of Pub. L. 101-239 provided that: “The Secretary of Education shall, from funds available through student loan collections, commencing not less than 30 days before the beginning of the default reduction program required by the amendment made by this section [amending this section], and continuing throughout the duration of such program, widely publicize (through various communications media) the availability of the default reduction program.”

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1011f of this title.

**§ 1078-7. Requirements for disbursement of student loans**

**(a) Multiple disbursement required**

**(1) Two disbursements required**

The proceeds of any loan made, insured, or guaranteed under this part that is made for any period of enrollment shall be disbursed in 2 or more installments, none of which exceeds one-half of the loan.

**(2) Minimum interval required**

The interval between the first and second such installments shall be not less than one-half of such period of enrollment, except as necessary to permit the second installment to be disbursed at the beginning of the second semester, quarter, or similar division of such period of enrollment.

**(b) Disbursement and endorsement requirements**

**(1) First year students**

The first installment of the proceeds of any loan made, insured, or guaranteed under this part that is made to a student borrower who is entering the first year of a program of undergraduate education, and who has not previously obtained a loan under this part, shall not (regardless of the amount of such loan or the duration of the period of enrollment) be presented by the institution to the student for endorsement until 30 days after the borrower begins a course of study, but may be delivered to the eligible institution prior to the end of that 30-day period.

**(2) Other students**

The proceeds of any loan made, insured, or guaranteed under this part that is made to any student other than a student described in paragraph (1) shall not be disbursed more than 30 days prior to the beginning of the period of enrollment for which the loan is made.

**(c) Method of multiple disbursement**

Disbursements under subsection (a) of this section—

(1) shall be made in accordance with a schedule provided by the institution (under section 1078(a)(2)(A)(i)(III) of this title) that complies with the requirements of this section;

(2) may be made directly by the lender or, in the case of a loan under sections 1078 and 1078-1<sup>1</sup> of this title, may be disbursed pursuant to the escrow provisions of section 1078(i) of this title; and

(3) notwithstanding subsection (a)(2) of this section, may, with the permission of the bor-

rower, be disbursed by the lender on a weekly or monthly basis, provided that the proceeds of the loan are disbursed in substantially equal weekly or monthly installments, as the case may be, over the period of enrollment for which the loan is made.

**(d) Withholding of second disbursement**

**(1) Withdrawing students**

A lender or escrow agent that is informed by the borrower or the institution that the borrower has ceased to be enrolled before the disbursement of the second or any succeeding installment shall withhold such disbursement. Any disbursement which is so withheld shall be credited to the borrower's loan and treated as a prepayment thereon.

**(2) Students receiving over-awards**

If the sum of a disbursement for any student and the other financial aid obtained by such student exceeds the amount of assistance for which the student is eligible under this subchapter and part C of subchapter I of chapter 34 of title 42, the institution such student is attending shall withhold and return to the lender or escrow agent the portion (or all) of such installment that exceeds such eligible amount, except that overawards permitted pursuant to section 2753(b)(4) of title 42 shall not be construed to be overawards for purposes of this paragraph. Any portion (or all) of a disbursement installment which is so returned shall be credited to the borrower's loan and treated as a prepayment thereon.

**(e) Exclusion of consolidation and foreign study loans**

The provisions of this section shall not apply in the case of a loan made under section 1078-3 of this title or made to a student to cover the cost of attendance at an eligible institution outside the United States.

**(f) Beginning of period of enrollment**

For purposes of this section, a period of enrollment begins on the first day that classes begin for the applicable period of enrollment.

**(g) Sales prior to disbursement prohibited**

An eligible lender shall not sell or transfer a promissory note for any loan made, insured, or guaranteed under this part until the final disbursement of such loan has been made, except that the prohibition of this subsection shall not apply if—

(1) the sale of the loan does not result in a change in the identity of the party to whom payments will be made for the loan; and

(2) the first disbursement of such loan has been made.

(Pub. L. 89-329, title IV, §428G, as added Pub. L. 101-239, title II, §2004(a), Dec. 19, 1989, 103 Stat. 2115; amended Pub. L. 101-508, title III, §3003(a), Nov. 5, 1990, 104 Stat. 1388-26; Pub. L. 102-325, title IV, §421, July 23, 1992, 106 Stat. 534; Pub. L. 103-66, title IV, §4109(b), Aug. 10, 1993, 107 Stat. 369; Pub. L. 103-208, §2(c)(41), Dec. 20, 1993, 107 Stat. 2466.)

REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsec. (c)(2), was repealed by Pub. L. 103-66, title IV,

<sup>1</sup> See References in Text note below.

§ 4047(b)–(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

#### AMENDMENTS

1993—Subsec. (c)(3). Pub. L. 103–208 directed the substitution of “disbursed by the lender” for “disbursed” and was executed by making the substitution the first place “disbursed” appeared, to reflect the probable intent of Congress.

Subsec. (e). Pub. L. 103–66 substituted “consolidation” for “PLUS, consolidation,” in heading and “section 1078–3” for “section 1078–2 or 1078–3” in text.

1992—Subsec. (c)(3). Pub. L. 102–325, § 421(a), added par. (3).

Subsec. (d)(2). Pub. L. 102–325, § 421(b), inserted “, except that overawards permitted pursuant to section 2753(b)(4) of title 42 shall not be construed to be overawards for purposes of this paragraph” before period at end of first sentence.

Subsec. (g). Pub. L. 102–325, § 421(c), added subsec. (g).

1990—Subsec. (b)(1). Pub. L. 101–508 amended par. (1) generally. Prior to amendment, par. (1) read as follows: “The first installment of the proceeds of any loan made under section 1078–1 of this title that is made to a student borrower who has not successfully completed the first year of a program of undergraduate education shall not (regardless of the amount of such loan or the duration of the period of enrollment) be presented by the institution to the student for endorsement until—  
“(A) 30 days after the borrower begins a course of study; and

“(B) the institution certifies that the borrower continues to be enrolled and in attendance at the end of such 30-day period, and is maintaining satisfactory progress;

but may be disbursed to the eligible institution prior to the end of such 30-day period.”

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1003 of this title.

Amendment by Pub. L. 103–66 effective with respect to loans for which the first disbursement is made on or after Oct. 1, 1993, see section 4109(c) of Pub. L. 103–66, set out as a note under section 1078–2 of this title.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Section 3003(b) of Pub. L. 101–508 provided that: “The amendment made by this section [amending this section] shall be effective for loans made on or after the date of enactment of this Act [Nov. 5, 1990] to cover the cost of instruction for periods of enrollment beginning on or after January 1, 1991.”

#### EFFECTIVE DATE

Section applicable with respect to loans made to cover cost of instruction for periods of enrollment beginning on or after Jan. 1, 1990, see section 2004(c) of Pub. L. 101–239, set out as an Effective Date of 1989 Amendment note under section 1077 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1077, 1078, 1078–2, 1087d of this title.

### § 1078–8. Unsubsidized Stafford loans for middle-income borrowers

#### (a) In general

It is the purpose of this section to authorize insured loans under this part for borrowers who do not qualify for Federal interest subsidy payments under section 1078 of this title. Except as provided in this section, all terms and condi-

tions for Federal Stafford loans established under section 1078 of this title shall apply to loans made pursuant to this section.

#### (b) Eligible borrowers

Any student meeting the requirements for student eligibility under section 1091 of this title (including graduate and professional students as defined in regulations promulgated by the Secretary) shall be entitled to borrow an unsubsidized Stafford loan. Such student shall provide to the lender a statement from the eligible institution at which the student has been accepted for enrollment, or at which the student is in attendance, which—

(1) sets forth such student’s estimated cost of attendance (as determined under section 1087ll of this title);

(2) sets forth such student’s estimated financial assistance, including a loan which qualifies for subsidy payments under section 1078 of this title; and

(3) certifies the eligibility of the student to receive a loan under this section and the amount of the loan for which such student is eligible, in accordance with subsection (c) of this section.

#### (c) Determination of amount of loan

The determination of the amount of a loan by an eligible institution under subsection (b) of this section shall be calculated by subtracting from the estimated cost of attendance at the eligible institution any estimated financial assistance reasonably available to such student. An eligible institution may not, in carrying out the provisions of subsection (b) of this section, provide a statement which certifies the eligibility of any student to receive any loan under this section in excess of the amount calculated under the preceding sentence.

#### (d) Loan limits

##### (1) In general

Except as provided in paragraphs (2) and (3), the annual and aggregate limits for loans under this section shall be the same as those established under section 1078(b)(1) of this title, less any amount received by such student pursuant to the subsidized loan program established under section 1078 of this title.

##### (2) Annual limits for independent, graduate, and professional students

The maximum annual amount of loans under this section an independent student (or a student whose parents are unable to borrow under section 1078–2 of this title or the Federal Direct PLUS Loan Program) may borrow in any academic year or its equivalent or in any period of 7 consecutive months, whichever is longer, shall be the amount determined under paragraph (1), plus—

(A) in the case of such a student attending an eligible institution who has not completed such student’s first 2 years of undergraduate study—

(i) \$4,000, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this title);

(ii) \$2,500, if such student is enrolled in a program whose length is less than one aca-

demic year, but at least  $\frac{2}{3}$  of such an academic year; and

(iii) \$1,500, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year;

(B) in the case of a student at an eligible institution who has successfully completed such first and second years but has not successfully completed the remainder of a program of undergraduate education—

(i) \$5,000; or

(ii) if such student is enrolled in a program of undergraduate education, the remainder of which is less than one academic year, the maximum annual loan amount that such student may receive may not exceed the amount that bears the same ratio to the amount specified in subclause (I) as such remainder measured in semester, trimester, quarter, or clock hours bears to one academic year;

(C) in the case of such a student who is a graduate or professional student attending an eligible institution, \$10,000.

**(3) Aggregate limits for independent, graduate, and professional students**

The maximum aggregate amount of loans under this section a student described in paragraph (2) may borrow shall be the amount described in paragraph (1), adjusted to reflect the increased annual limits described in paragraph (2), as prescribed by the Secretary by regulation.

**(e) Payment of principal and interest**

**(1) Commencement of repayment**

Repayment of principal on loans made under this section shall begin at the beginning of the repayment period described in section 1078(b)(7) of this title. Not less than 30 days prior to the anticipated commencement of such repayment period, the holder of such loan shall provide notice to the borrower that interest will accrue before repayment begins and of the borrower's option to begin loan repayment at an earlier date.

**(2) Capitalization of interest**

Interest on loans made under this section for which payments of principal are not required during the in-school and grace periods or for which payments are deferred under sections 1077(a)(2)(C) and 1078(b)(1)(M) of this title shall, if agreed upon by the borrower and the lender (A) be paid monthly or quarterly, or (B) be added to the principal amount of the loan not more frequently than quarterly by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.

**(3) Subsidies prohibited**

No payments to reduce interest costs shall be paid pursuant to section 1078(a) of this title on loans made pursuant to this section.

**(4) Applicable rates of interest**

Interest on loans made pursuant to this section shall be at the applicable rate of interest provided in section 1077a of this title.

**(5) Amortization**

The amount of the periodic payment and the repayment schedule for any loan made pursuant to this section shall be established by assuming an interest rate equal to the applicable rate of interest at the time the repayment of the principal amount of the loan commences. At the option of the lender, the note or other written evidence of the loan may require that—

(A) the amount of the periodic payment will be adjusted annually; or

(B) the period of repayment of principal will be lengthened or shortened,

in order to reflect adjustments in interest rates occurring as a consequence of section 1077a(c)(4) of this title.

**(6) Repayment period**

For purposes of calculating the 10-year repayment period under section 1078(b)(1)(D) of this title, such period shall commence at the time the first payment of principal is due from the borrower.

**(f) Origination fee**

**(1) Amount of origination fee**

The lender shall charge the borrower an origination fee in the amount of 3.0 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower.

**(2) Relation to applicable interest**

Such origination fee shall not be taken into account for purposes of determining compliance with section 1077a of this title.

**(3) Disclosure required**

The lender shall disclose to the borrower the amount and method of calculating the origination fee.

**(4) Use of origination fee to offset default costs**

Each lender making loans under this section shall transmit all origination fees authorized to be collected from borrowers to the Secretary, who shall use such fees to pay the Federal costs of default claims paid for loans under this section and to reduce the cost of special allowances paid thereon, if any, under section 1087-1(b) of this title.

**(5) Review of origination fee and insurance premium**

In fiscal year 1995, the Secretary is directed to analyze the risk rates of borrowers who have participated in this program in the 2 previous fiscal years. If the Secretary finds, that as a result of this review, the projected defaults and special allowance costs of the unsubsidized program do not exceed the combined origination fee under this subsection and the insurance premium under subsection (h) of this section, the Secretary is directed to lower the origination fee and insurance premium accordingly.

**(g) Single application form and loan repayment schedule**

A guaranty agency shall use a single application form and a single repayment schedule for

subsidized Federal Stafford loans made pursuant to section 1078 of this title and for unsubsidized Federal Stafford loans made pursuant to this section.

**(h) Insurance premium**

Each State or nonprofit private institution or organization having an agreement with the Secretary under section 1078(b)(1) of this title may charge a borrower under this section an insurance premium equal to not more than 1.0 percent of the principal amount of the loan, if such premium will not be used for incentive payments to lenders.

(Pub. L. 89–329, title IV, § 428H, as added Pub. L. 102–325, title IV, § 422, July 23, 1992, 106 Stat. 535; amended Pub. L. 103–66, title IV, §§ 4047(a), 4102(b), Aug. 10, 1993, 107 Stat. 363, 366; Pub. L. 103–208, § 2(c)(42)–(45), Dec. 20, 1993, 107 Stat. 2466, 2467.)

**CODIFICATION**

Amendments by section 2(c)(42), (45) of Pub. L. 103–208 (which were effective as if included in Pub. L. 102–325) were executed to this section as amended by Pub. L. 102–325 and Pub. L. 103–66, to reflect the probable intent of Congress.

**AMENDMENTS**

1993—Subsec. (b). Pub. L. 103–66, § 4047(a)(1), inserted “(including graduate and professional students as defined in regulations promulgated by the Secretary)” in introductory provisions.

Subsec. (d). Pub. L. 103–66, § 4047(a)(2), amended subsec. (d) generally. Prior to amendment, subsec. (d) read as follows: “The annual and aggregate limits for loans under this section shall be the same as those established under section 1078(b)(1) of this title, less any amount received by such student pursuant to the subsidized loan program established under section 1078 of this title.”

Subsec. (d)(2)(B). Pub. L. 103–208, § 2(c)(42), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “in the case of such a student attending an eligible institution who has completed the first 2 years of undergraduate study but who has not completed the remainder of a program of undergraduate study—

“(i) \$5,000, if such student is enrolled in a program whose length is at least one academic year in length (as determined under section 1088 of this section);

“(ii) \$3,325, if such student is enrolled in a program whose length is less than one academic year, but at least  $\frac{2}{3}$  of such an academic year; and

“(iii) \$1,675, if such student is enrolled in a program whose length is less than  $\frac{2}{3}$ , but at least  $\frac{1}{3}$ , of such an academic year; and”. See Codification note above.

Subsec. (e)(1). Pub. L. 103–208, § 2(c)(43), substituted “shall begin at the beginning of the repayment period described in section 1078(b)(7) of this title.” for “shall commence 6 months after the month in which the student ceases to carry at least one-half the normal full-time workload as determined by the institution.” and inserted at end “Not less than 30 days prior to the anticipated commencement of such repayment period, the holder of such loan shall provide notice to the borrower that interest will accrue before repayment begins and of the borrower’s option to begin loan repayment at an earlier date.”

Subsec. (e)(4). Pub. L. 103–208, § 2(c)(44), substituted “section 1077a” for “section 1077a(e)”.

Subsec. (e)(5), (6). Pub. L. 103–66, § 4047(a)(3), added pars. (5) and (6).

Subsec. (f). Pub. L. 103–66, § 4102(b)(1)(A), substituted “Origination fee” for “Insurance premium” in section catchline.

Subsec. (f)(1). Pub. L. 103–66, § 4102(b)(1)(B), (C), struck out reference to insurance premium in heading and in

text substituted “an origination fee in the amount of 3.0 percent” for “a combined origination fee and insurance premium in the amount of 6.5 percent” and struck out second sentence which read as follows: “A guaranty agency may not charge an insurance premium on any loan made under this section.”

Subsec. (f)(2). Pub. L. 103–66, § 4102(b)(1)(D), substituted “origination fee” for “combined fee and premium”.

Subsec. (f)(3). Pub. L. 103–66, § 4102(b)(1)(E), substituted “origination fee” for “combined origination fee and insurance premium”.

Subsec. (f)(4). Pub. L. 103–66, § 4102(b)(1)(F), in heading substituted “origination fee” for “insurance premium” and in text substituted “origination fees” for “combined origination fee and insurance premiums” and “to pay” for “and premiums to pay”.

Subsec. (f)(5). Pub. L. 103–66, § 4102(b)(1)(G), inserted “origination fee and” in heading and in text substituted “do not exceed the combined origination fee under this subsection and the insurance premium under subsection (h) of this section, the Secretary is directed to lower the origination fee and insurance premium accordingly” for “do not exceed the 6.5 percent insurance premium, the Secretary is directed to lower the insurance premium accordingly”.

Subsec. (h). Pub. L. 103–208, § 2(c)(45), redesignated subsec. (I) as (h). See Codification note above.

Subsec. (I). Pub. L. 103–208, § 2(c)(45), redesignated subsec. (I) as (h). See Codification note above.

Pub. L. 103–66, § 4102(b)(2), added subsec. (I).

**EFFECTIVE DATE OF 1993 AMENDMENTS**

Amendment by section 2(c)(42)–(43)(A), (44), (45) of Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, and amendment by section 2(c)(43)(B) of Pub. L. 103–208 effective on and after Apr. 1, 1994, see section 5(a), (b)(5) of Pub. L. 103–208, set out as a note under section 1003 of this title.

Section 4047(d) of Pub. L. 103–66 provided that: “Except as otherwise provided herein [see section 4047(c) of Pub. L. 103–66, set out below], the amendments made by this section [amending this section and repealing section 1078–1 of this title] shall take effect on July 1, 1994.”

Amendment by section 4102(b) of Pub. L. 103–66 effective July 1, 1994, see section 4102(d) of Pub. L. 103–66, set out as a note under section 1078 of this title.

**EFFECTIVE DATE**

Section effective with respect to loans made to cover the cost of instruction for periods of enrollment beginning on or after Oct. 1, 1992, see section 432(a)(12) of Pub. L. 102–325, set out as an Effective Date of 1992 Amendment note under section 1078 of this title.

**CONTINUING APPLICABILITY OF TERMS, CONDITIONS, AND BENEFITS OF LOANS**

Section 4047(c) of Pub. L. 103–66 provided that: “Notwithstanding the amendments made by this section [amending this section and repealing section 1078–1 of this section], with respect to loans provided under sections 428A and 428H of the Act [20 U.S.C. 1078–1, 1078–8] (as such sections existed on the date preceding the date of enactment of this Act [Aug. 10, 1993]) the terms, conditions and benefits applicable to such loans under such sections shall continue to apply to such loans after the date of enactment of this Act.”

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1077a, 1078, 1078–1, 1083, 1085, 1087, 1087–1, 1087d, 1087e, 1091 of this title.



**§ 1078-9. Special insurance and reinsurance rules****(a) Designation of lenders, servicers, and guaranty agencies****(1) Authority**

Whenever the Secretary determines that an eligible lender, servicer, or guaranty agency has a compliance performance rating that equals or exceeds 97 percent, the Secretary shall designate the eligible lender, servicer, or guaranty agency, as the case may be, for exceptional performance. The Secretary shall notify each appropriate guaranty agency of the eligible lenders and servicers designated under this section.

**(2) Compliance performance rating**

For purposes of paragraph (1), a compliance performance rating is determined with respect to compliance with due diligence in the collection of loans under this part for each year for which the determination is made. Such rating is equal to the percent of all due diligence requirements applicable to each loan, on average, as established by the Secretary by regulation, with respect to—

(A) loans serviced during the period by the eligible lender or servicer; or

(B) loans on which loan collection was attempted by the guaranty agency.

**(b) Payment to lenders and servicers****(1) 100 percent payment rule**

Each guaranty agency shall pay each eligible lender or servicer (as agent for an eligible lender) designated under subsection (a) of this section 100 percent of the unpaid principal and interest of all loans for which claims are submitted for payment by that eligible lender or servicer for the one-year period following the receipt by the guaranty agency of the notification of designation under this section or until the guaranty agency receives notice from the Secretary that the designation of the lender or servicer under subsection (a) of this section has been revoked.

**(2) Revocation authority**

The Secretary shall revoke the designation of a lender or servicer under subsection (a) of this section if any quarterly audit required under subsection (c)(5) of this section is not received by the Secretary by the date established by the Secretary or if the audit indicates the lender or servicer failed to maintain 97 percent or higher compliance with program regulations, as reflected in the performance of not less than 97 percent of all due diligence requirements applicable to each loan, on average, as established by the Secretary for the purpose of this section, for 2 consecutive months or 90 percent for 1 month.

**(3) Documentation**

Nothing in this section shall restrict or limit the authority of guaranty agencies to require the submission of claims documentation evidencing servicing performed on loans, except that the guaranty agency may not require greater documentation than that required for lenders and servicers not designated under subsection (a) of this section.

**(4) Payments to guaranty agencies**

The Secretary shall pay to each guaranty agency designated under subsection (a) of this section the appropriate percentage under this subsection for the 1-year period following the receipt by the guaranty agency of the notification of designation under subsection (a) of this section.

**(c) Supervision of designated lenders and servicers****(1) Audits for lenders and servicers**

Each eligible lender or servicer desiring a designation under subsection (a) of this section shall have a financial and compliance audit of the loan portfolio of such eligible lender or servicer conducted annually by a qualified independent organization from a list of qualified organizations promulgated by the Secretary in accordance with standards established by the Comptroller General and the Secretary. The standards shall measure the lender's or servicer's compliance with the due diligence standards and shall include a defined statistical sampling technique designed to measure the performance rating of the eligible lender or servicer for the purpose of this section. Each eligible lender or servicer shall submit the audit required by this section to the Secretary and to each appropriate guaranty agency.

**(2) Additional information on lenders and servicers**

Each appropriate guaranty agency shall provide the Secretary with such other information in its possession regarding an eligible lender or servicer desiring designation as may relate to the Secretary's determination under subsection (a) of this section, including but not limited to any information suggesting that the application of a lender or servicer for designation under subsection (a) of this section should not be approved.

**(3) Secretary's determinations**

The Secretary shall make the determination under subsection (a) of this section based upon the audits submitted under this section, such other information as provided by any guaranty agency under paragraph (2), and any information in the possession of the Secretary or submitted by any other agency or office of the Federal Government. If the results of the audit are not persuasively rebutted by such other information, the Secretary shall inform the eligible lender or servicer and the appropriate guaranty agency that its application for designation as an exceptional lender or servicer has been approved.

**(4) Cost of audit**

Each eligible lender or servicer shall pay for all the costs of the audits required under this section.

**(5) Compliance audit**

In order to maintain its status as an exceptional eligible lender or servicer, the lender or servicer shall undergo a quarterly compliance audit at the end of each quarter (other than the quarter in which status as an exceptional

lender or servicer is established through a financial and compliance audit, as described in subsection (c)(1) of this section), and submit the results of such audit to the Secretary and such appropriate guaranty agency. The compliance audit will review compliance with due diligence requirements for the period since the last audit.

**(6) Loss of designation**

If the audit performed pursuant to paragraph (5) fails to meet the standards for designation as an exceptional lender or servicer under subsection (a)(1) of this section, the lender or servicer shall lose its designation as an exceptional lender or servicer. A lender or servicer receiving a compliance audit not meeting the standard for designation as an exceptional lender or servicer may reapply for designation under subsection (a) of this section at any time.

**(7) Due diligence standards**

Due diligence standards used for determining compliance under paragraph (5) shall be promulgated by the Secretary after consultation with lenders, guaranty agencies and servicers and shall consist of a list of specific elements for the Federal regulations selected to provide an indication of systems degradation.

**(8) Additional revocation authority**

Notwithstanding any other provision of this section, designation under subsection (a) of this section may be revoked at any time by the Secretary if the Secretary determines that the eligible lender or servicer has failed to maintain an overall level of regulatory compliance consistent with the audit submitted by the eligible lender or servicer under this section or if the Secretary believes the lender or servicer may have engaged in fraud in securing designation under subsection (a) of this section or is failing to service loans in accordance with program regulations.

**(d) Supervision of designated guaranty agencies**

**(1) Audit of guaranty agencies**

Each guaranty agency desiring a designation under subsection (a) of this section shall have a financial and compliance audit of the defaulted loan portfolio of such guaranty agency conducted annually by a qualified independent organization or person from a list of qualified organizations or persons promulgated by the Secretary in accordance with standards established by the Comptroller General and the Secretary. The standards shall include defined statistical sampling techniques designed to measure the performance rating of the guaranty agency for the purpose of this section. Each guaranty agency shall submit the audit required by this paragraph to the Secretary.

**(2) Quarterly sample audits**

The Secretary may require quarterly sample audits as a means of determining continued qualification of the guaranty agency for designation as an exceptional guaranty agency.

**(3) Secretary's determinations**

The Secretary shall make the determination under subsection (a) of this section based upon

the audits submitted under this section and other information in his possession. If the results of the audit are not persuasively rebutted by such other information, the Secretary shall inform the guaranty agency that its application for designation as an exceptional guaranty agency has been approved.

**(4) Costs of audits**

Each guaranty agency shall pay for all of the costs of the audits regulated by this section.

**(5) Revocation for fraud**

The Secretary may revoke the designation of a guaranty agency under subsection (a) of this section at any time if the Secretary has reason to believe the guaranty agency secured its designation under subsection (a) of this section through fraud or fails to comply with applicable regulations.

**(6) Revocation based on performance**

Designation as an exceptional guaranty agency may be revoked at any time by the Secretary upon 30 days notice and an opportunity for a hearing before the Secretary upon a finding by the Secretary that the guaranty agency has failed to maintain an acceptable overall level of regulatory compliance.

**(e) Special rule**

Reimbursements made by the Secretary on loans submitted for claim by an eligible lender or loan servicer designated for exceptional performance under this section shall not be subject to additional review by the Secretary or repurchase by the guaranty agency for any reason other than a determination by the Secretary that the eligible lender, loan servicer, or guaranty agency engaged in fraud or other purposeful misconduct in obtaining designation for exceptional performance.

**(f) Limitation**

Nothing in this section shall be construed to affect the processing of claims on student loans of eligible lenders not subject to this paragraph.

**(g) Claims**

A lender, servicer, or guaranty agency designated under subsection (a) of this section failing to service loans or otherwise comply with applicable program regulations shall be considered in violation of section 3729 of title 31.

**(h) Evaluation**

Not later than 3 years after July 23, 1992, the Comptroller General shall submit to the Chairman of the Senate Labor and Human Resources Committee and the House Committee on Education and Labor, an evaluation of the provisions of this section including, but not limited to, the following:

(1) The effectiveness of due diligence performed by lenders and servicers receiving designation as exceptional lenders or servicers from the perspective of securing maximum collections from borrowers.

(2) A quantification of the dollar volume of claims that were paid to exceptional lenders and servicers that would not have been paid under applicable program provisions prior to the enactment of this section.

(3) An assessment of the impact of this section on the financial condition of guaranty agencies.

(4) An assessment of the savings to lenders, servicers, and guaranty agencies resulting from designation as exceptional performance.

(5) An identification of specific administration steps that lenders, servicers, and guaranty agencies do not have to perform as a result of designation as exceptional lenders, servicers, or guaranty agencies.

(6) A recommendation for program modifications applicable to all program participants based on the findings of the evaluation.

(7) A recommendation for modifications to this section and whether the program should be continued.

#### (i) Termination

After receipt of the study authorized in subsection (h) of this section, the Secretary may terminate such program if he determines such termination to be in the fiscal interest of the United States.

#### (j) Definitions

For the purpose of this section—

(1) the term “due diligence requirements” means the activities required to be performed by lenders on delinquent loans pursuant to regulations issued by the Secretary;

(2) the term “eligible loan” means a loan made, insured or guaranteed under this part;

(3) the term “servicer” means an entity servicing and collecting student loans which—

(A) has substantial experience in servicing and collecting consumer loans or student loans;

(B) has an independent financial audit annually which is furnished to the Secretary and any other parties designated by the Secretary;

(C) has business systems which are capable of meeting the requirements of this part;

(D) has adequate personnel who are knowledgeable about the student loan programs authorized by this part; and

(E) does not have any owner, majority shareholder, director, or officer of the entity who has been convicted of a felony.

(Pub. L. 89-329, title IV, § 428I, as added Pub. L. 102-325, title IV, § 422, July 23, 1992, 106 Stat. 536; amended Pub. L. 103-208, § 2(c)(46), Dec. 20, 1993, 107 Stat. 2467.)

#### CODIFICATION

July 23, 1992, referred to in subsec. (h), was in the original “the date of enactment of this Act”, which was translated as meaning the date of enactment of Pub. L. 102-325 which enacted this section, to reflect the probable intent of Congress.

#### AMENDMENTS

1993—Subsec. (g). Pub. L. 103-208 substituted “section 3729 of title 31” for “the Federal False Claims Act”.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L.

102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1078, 1087-1 of this title.

### § 1078-10. Loan forgiveness for teachers, individuals performing national community service and nurses

#### (a) Statement of purpose

It is the purpose of this section to encourage individuals to—

(1) enter the teaching and nursing professions; and

(2) perform national and community service.

#### (b) Demonstration program

##### (1) In general

The Secretary, in consultation with the Secretary of Health and Human Services, is authorized to carry out a demonstration program of assuming the obligation to repay a loan made, insured or guaranteed under this part (excluding loans made under section 1078-1,<sup>1</sup> 1078-2, or 1078-3 of this title) for any new borrower after October 1, 1989, who—

(A) is employed as a full-time teacher—

(i) in a school which qualifies under section 1087ee(a)(2)(A) of this title for loan cancellation for Perkins loan recipients who teach in such schools; and

(ii) of mathematics, science, foreign languages, special education, bilingual education, or any other field of expertise where the State educational agency determines there is a shortage of qualified teachers;

(B) serves as a full-time volunteer under the Peace Corps Act [22 U.S.C. 2501 et seq.] or under the Domestic Volunteer Service Act of 1973 [42 U.S.C. 4950 et seq.], or to perform comparable service as a full-time employee of an organization which is exempt from taxation under section 501(c)(3) of title 26, if the borrower does not receive compensation which exceeds the greater of—

(i) the minimum wage rate described in section 206 of title 29; or

(ii) an amount equal to 100 percent of the poverty line for a family of two (as defined in section 9902(2) of title 42); or

(C) is employed full-time as a nurse in a public hospital, a rural health clinic, a migrant health center, an Indian Health Service, an Indian health center, a Native Hawaiian health center or in an acute care or long-term care facility.

#### (2) Regulations

The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

#### (c) Loan repayment

##### (1) In general

The Secretary shall assume the obligation to repay—

<sup>1</sup> See References in Text note below.

(A) 15 percent of the total amount of Stafford loans incurred by the student borrower during such borrower's last 2 years of undergraduate education for the first or second year of service in which such borrower meets the requirements described in subsection (a) of this section;

(B) 20 percent of such total amount for such third or fourth year of service; and

(C) 30 percent of such total amount for such fifth year of service.

## **(2) Construction**

Nothing in this subsection shall be construed to authorize the refunding of any repayment of a Stafford loan.

## **(3) Interest**

If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

## **(4) Special rule**

In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a teaching certificate, the Secretary is authorized to assume the obligation to repay the total amount of Stafford loans incurred for a maximum of 2 academic years in returning to an institution of higher education for the purpose of obtaining a teaching certificate or additional certification. Such Stafford loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

## **(5) Ineligibility of national service educational award recipients**

No student borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 [42 U.S.C. 12601 et seq.].

## **(d) Repayment to eligible lenders**

The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of Stafford loans which are subject to repayment pursuant to this section for such year.

## **(e) Application for repayment**

### **(1) In general**

Each eligible individual desiring loan repayment under this section shall submit a complete and accurate application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Loan repayment under this section shall be on a first-come, first-served basis and subject to the availability of appropriations.

### **(2) Conditions**

An eligible individual may apply for repayment after completing each year of qualifying

service. The borrower shall receive forbearance while engaged in qualifying service unless the borrower is in deferment while so engaged.

## **(f) "Eligible lender" defined**

For the purpose of this section the term "eligible lender" has the same meaning given such term in section 1085(d) of this title.

## **(g) Evaluation**

### **(1) In general**

The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the program assisted under this part on the fields of teaching, nursing, and community service.

### **(2) Competitive basis**

The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

### **(3) Contents**

The evaluation described in this section shall—

(A) assess whether the program assisted under this section has brought into teaching, nursing, and community service a significant number of highly capable individuals who otherwise would not have entered such fields;

(B) assess whether a significant number of students perform the service described in subsection (b) of this section or opt to repay the loans instead of remaining in the career for which such student received loan repayment under this section;

(C) identify the barriers to the effectiveness of the program assisted under this section;

(D) assess the cost-effectiveness of such program in improving teacher, nursing, and community service worker quality and quantity and the ways to improve the cost-effectiveness of such program;

(E) identify the reasons for which participants in the program have chosen to take part in such program; and

(F) identify other areas of community service or employment which may serve as appropriate methods of loan repayment.

### **(4) Interim evaluation reports**

The Secretary shall prepare and submit to the President and the Congress such interim reports on the evaluation described in this section as the Secretary deems appropriate, and shall submit such a final report by January 1, 1997.

### **(5) Authorization of appropriations**

There are authorized to be appropriated to carry out this section \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title IV, § 428J, as added Pub. L. 102-325, title IV, § 422, July 23, 1992, 106 Stat. 541; amended Pub. L. 103-82, title I, § 102(c)(2), Sept. 21, 1993, 107 Stat. 824; Pub. L. 103-208, § 2(c)(47)–(51), Dec. 20, 1993, 107 Stat. 2467.)

#### REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsec. (b)(1), was repealed by Pub. L. 103-66, title IV,

§ 4047(b)–(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

The Peace Corps Act, referred to in subsec. (b)(1)(B), is Pub. L. 87–293, Sept. 22, 1961, 75 Stat. 612, as amended, which is classified principally to chapter 34 (§ 2501 et seq.) of Title 22, Foreign Relations and Intercourse. For complete classification of this Act to the Code, see Short Title note set out under section 2501 of Title 22 and Tables.

The Domestic Volunteer Service Act of 1973, referred to in subsec. (b)(1)(B), is Pub. L. 93–113, Oct. 1, 1973, 87 Stat. 394, as amended, which is classified principally to chapter 66 (§ 4950 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 4950 of Title 42 and Tables.

The National and Community Service Act of 1990, referred to in subsec. (c)(5), is Pub. L. 101–610, Nov. 16, 1990, 104 Stat. 3127, as amended. Subtitle D of title I of the Act is classified generally to division D of subchapter I (§ 12601 et seq.) of chapter 129 of Title 42. For complete classification of this Act to the Code, see Short Title note set out under section 12501 of Title 42 and Tables.

#### AMENDMENTS

1993—Subsec. (b)(1). Pub. L. 103–208, § 2(c)(47), substituted “section” for “sections” in introductory provisions.

Pub. L. 103–82, § 102(c)(2)(A), substituted “October 1, 1989” for “October 1, 1992” in introductory provisions.

Subsec. (b)(1)(B). Pub. L. 103–208, § 2(c)(48), substituted “serves as a full-time volunteer” for “agrees in writing to volunteer for service”.

Subsec. (c)(1). Pub. L. 103–208, § 2(c)(49), substituted “year of service” for “academic year” wherever appearing.

Subsec. (c)(5). Pub. L. 103–82, § 102(c)(2)(B), added par. (5).

Subsec. (d). Pub. L. 103–208, § 2(c)(50), substituted “to eligible” for “of eligibility” in heading.

Subsec. (e). Pub. L. 103–208, § 2(c)(51), amended subsec. (e) generally. Prior to amendment, subsec. (e) read as follows: “Each eligible individual desiring loan repayment under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.”

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1003 of this title.

Amendment by Pub. L. 103–82 effective Oct. 1, 1993, see section 123 of Pub. L. 103–82, set out as a note under section 1701 of Title 16, Conservation.

### § 1079. Certificate of Federal loan insurance—effective date of insurance

#### (a) Loan-by-loan insurance

##### (1) Authority to issue certificates on application

If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Secretary may require, and otherwise in conformity with this section, the Secretary finds that the applicant has made a loan to an eligible student which is insurable under the provisions of this part, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

#### (2) Effectiveness of certificate

Insurance evidenced by a certificate of insurance pursuant to subsection (a)(1) of this section shall become effective upon the date of issuance of the certificate, except that the Secretary is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a)(1) of this section by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance was made. Such insurance shall cease to be effective upon 60 days’ default by the lender in the payment of any installment of the premiums payable pursuant to subsection (c) of this section.

#### (3) Contents of applications

An application submitted pursuant to subsection (a)(1) of this section shall contain (A) an agreement by the applicant to pay, in accordance with regulations, the premiums fixed by the Secretary pursuant to subsection (c) of this section, and (B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statement during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Secretary may prescribe by or pursuant to regulation.

#### (b) Comprehensive insurance coverage certificate

##### (1) Establishment of system by regulation

In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each student loan made by an eligible lender as provided in subsection (a) of this section, the Secretary may, in accordance with regulations consistent with section 1074 of this title, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Secretary, insure all insurable loans made by that lender, on or after the date of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Secretary’s judgment will best achieve the purpose of this subsection while protecting the United States from the risk of unreasonable loss and promoting the objectives of this part, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Secretary and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Secretary from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontest-

able by the Secretary in the absence of fraud or misrepresentation of fact or patent error.

**(2) Uncovered loans**

If the holder of a certificate of comprehensive insurance coverage issued under this subsection grants to a student a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject to the limitations of section 1074 of this title, the Secretary may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) of this section or by inclusion of such insurance on comprehensive coverage under the subsection for the period or periods in which such future loans or payments are made.

**(c) Charges for Federal insurance**

The Secretary shall, pursuant to regulations, charge for insurance on each loan under this part a premium in an amount not to exceed one-fourth of 1 percent per year of the unpaid principal amount of such loan (excluding interest added to principal), payable in advance, at such times and in such manner as may be prescribed by the Secretary. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or becomes totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) requests for payment of the loss insured against has been made or the Secretary has made such payment on his own motion pursuant to section 1080(a) of this title.

**(d) Assignability of insurance**

The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned as security by such lender only to another eligible lender, and subject to regulation by the Secretary.

**(e) Consolidation not to affect insurance**

The consolidation of the obligations of two or more federally insured loans obtained by a student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a) of this section, the Secretary may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation; if they are covered by a single comprehensive certificate issued under subsection (b) of this section, the Secretary may amend that certificate accordingly.

(Pub. L. 89-329, title IV, § 429, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1395.)

**PRIOR PROVISIONS**

A prior section 1079, Pub. L. 89-329, title IV, § 429, Nov. 8, 1965, 79 Stat. 1243; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2123; Pub. L. 96-374, title XIII, § 1391(a)(1), (2), Oct. 3, 1980, 94 Stat. 1503, related to certificates of Federal loan insurance, prior to the general revision of this part by Pub. L. 99-498.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1073, 1078-3, 1080, 1082, 1085, 1087-2 of this title.

**§ 1080. Default of student under Federal loan insurance program**

**(a) Notice to Secretary and payment of loss**

Upon default by the student borrower on any loan covered by Federal loan insurance pursuant to this part, and prior to the commencement of suit or other enforcement proceedings upon security for that loan, the insurance beneficiary shall promptly notify the Secretary, and the Secretary shall if requested (at that time or after further collection efforts) by the beneficiary, or may on the Secretary's own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount has been determined. The "amount of the loss" on any loan shall, for the purposes of this subsection and subsection (b) of this section, be deemed to be an amount equal to the unpaid balance of the principal amount and accrued interest, including interest accruing from the date of submission of a valid default claim (as determined by the Secretary) to the date on which payment is authorized by the Secretary, reduced to the extent required by section 1075(b) of this title. Such beneficiary shall be required to meet the standards of due diligence in the collection of the loan and shall be required to submit proof that reasonable attempts were made to locate the borrower (when the location of the borrower is unknown) and proof that contact was made with the borrower (when the location is known). The Secretary shall make the determination required to carry out the provisions of this section not later than 90 days after the notification by the insurance beneficiary and shall make payment in full on the amount of the beneficiary's loss pending completion of the due diligence investigation.

**(b) Effect of payment of loss**

Upon payment of the amount of the loss pursuant to subsection (a) of this section, the United States shall be subrogated for all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Secretary on a loan after deduction of the cost of that recovery (including reasonable administrative costs and collection costs, to the extent set forth in regulations issued by the Secretary) exceeds the amount of the loss, the excess shall be paid over to the insured. The Secretary may, in attempting to make recovery on such loans, contract with private business concerns, State student loan insurance agencies, or State guaranty agencies, for payment for services rendered by

such concerns or agencies in assisting the Secretary in making such recovery. Any contract under this subsection entered into by the Secretary shall provide that attempts to make recovery on such loans shall be fair and reasonable, and do not involve harassment, intimidation, false or misleading representations, or unnecessary communications concerning the existence of any such loan to persons other than the student borrower.

**(c) Forbearance not precluded**

Nothing in this section or in this part shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Secretary, or to preclude forbearance by the Secretary in the enforcement of the insured obligation after payment on that insurance. Any forbearance which is approved by the Secretary under this subsection with respect to the repayment of a loan, including a forbearance during default, shall not be considered as indicating that a holder of a federally insured loan has failed to exercise reasonable care and due diligence in the collection of the loan.

**(d) Care and diligence required of holders**

Nothing in this section or in this part shall be construed to excuse the holder of a federally insured loan from exercising reasonable care and diligence in the making and collection of loans under the provisions of this part. If the Secretary, after a reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed to exercise such care and diligence or to make the reports and statements required under section 1078(a)(4) of this title and section 1079(a)(3) of this title, or to pay the required Federal loan insurance premiums, the Secretary shall disqualify that lender for further Federal insurance on loans granted pursuant to this part until the Secretary is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

**(e) Default rate of lenders, holders, and guaranty agencies**

**(1) In general**

The Secretary shall annually publish a list indicating the cohort default rate (determined in accordance with section 1085(m) of this title) for each originating lender, subsequent holder, and guaranty agency participating in the program assisted under this part and an average cohort default rate for all institutions of higher education within each State.

**(2) Regulations**

The Secretary shall prescribe regulations designed to prevent an institution from evading the application to that institution of a cohort default rate through the use of such measures as branching, consolidation, change of ownership or control, or any similar device.

**(3) Rate establishment and correction**

The Secretary shall establish a cohort default rate for lenders, holders, and guaranty

agencies (determined consistent with section 1085(m) of this title), except that the rate for lenders, holders, and guaranty agencies shall not reflect any loans issued in accordance with section 1078(j) of this title. The Secretary shall allow institutions, lenders, holders, and guaranty agencies the opportunity to correct such cohort default rate information.

(Pub. L. 89-329, title IV, § 430, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1397; amended Pub. L. 102-325, title IV, § 423, July 23, 1992, 106 Stat. 543.)

PRIOR PROVISIONS

A prior section 1080, Pub. L. 89-329, title IV, § 430, Nov. 8, 1965, 79 Stat. 1244; Pub. L. 90-575, title I, § 113(b)(5), Oct. 16, 1968, 82 Stat. 1021; Pub. L. 92-318, title I, § 132B(c), June 23, 1972, 86 Stat. 262; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2125; Pub. L. 95-43, § 1(a)(33), June 15, 1977, 91 Stat. 216; Pub. L. 96-374, title IV, §§ 416(a)(1), (b), 422, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1420, 1421, 1432, 1503; Pub. L. 99-272, title XVI, §§ 16014(a)(2), 16022, Apr. 7, 1986, 100 Stat. 341, 349, related to default of student borrowers under Federal loan insurance program, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

1992—Subsec. (e). Pub. L. 102-325 added subsec. (e).

STUDY OF FRAUD-BASED DEFENSES

Section 1403 of Pub. L. 102-325 provided that:

“(a) STUDY.—The Secretary shall conduct a study of the impact of fraud-based defenses on the Federal Family Education Loan Program. Such study shall include—

“(1) an analysis of statutory, regulatory, and case law regarding the use of fraud-based defenses against repayment of such loans;

“(2) an estimate of the total number of borrowers filing for relief from repayment of such loans using a fraud-based defense and amount of such loan principal involved;

“(3) an estimate of such loan principal relieved annually through fraud-based defenses;

“(4) an evaluation of the importance of a fraud-based defense to the protection of borrowers of such loans; and

“(5) an evaluation of the effects of the availability of a fraud-based defense on the accessibility of Stafford loans by geographical area and by type of post-secondary institution.

“(b) DATE.—The study described in subsection (a) shall be completed not later than 18 months after the date of enactment of this Act [July 23, 1992].

“(c) REPORT.—

“(1) IN GENERAL.—The Secretary shall submit a report to the Congress on the study described in subsection (a) that makes specific recommendations for legislative options that may be needed to address the rights of borrowers with respect to the availability of fraud-based defenses under the Federal Family Education Loan Program without jeopardizing the participation of lenders or the solvency of guaranty agencies required to maintain the integrity of such program.

“(2) DATE.—The report described in paragraph (1) shall be completed not later than 19 months after the date of enactment of this Act [July 23, 1992].”

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1075, 1079, 1080a, 1082, 1092b of this title.

**§ 1080a. Reports to credit bureaus and institutions of higher education**

**(a) Agreements to exchange information**

For the purpose of promoting responsible repayment of loans covered by Federal loan insurance pursuant to this part or covered by a guaranty agreement pursuant to section 1078 of this title, the Secretary, each guaranty agency, eligible lender, and subsequent holder shall enter into agreements with credit bureau organizations to exchange information concerning student borrowers, in accordance with the requirements of this section. For the purpose of assisting such organizations in complying with the Fair Credit Reporting Act [15 U.S.C. 1681 et seq.], such agreements may provide for timely response by the Secretary (concerning loans covered by Federal loan insurance), by a guaranty agency, eligible lender, or subsequent holder (concerning loans covered by a guaranty agreement), or to requests from such organizations for responses to objections raised by borrowers. Subject to the requirements of subsection (c) of this section, such agreements shall require the Secretary, the guaranty agency, eligible lender, or subsequent holder, as appropriate, to disclose to such organizations, with respect to any loan under this part that has not been repaid by the borrower—

(1) the total amount of loans made to any borrower under this part and the remaining balance of the loans;

(2) information concerning the date of any default on the loan and the collection of the loan, including information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 1080(a) of this title or the guaranty agency has made a payment to the previous holder of the loan; and

(3) the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 1087 of this title.

**(b) Additional information**

Such agreements may also provide for the disclosure by such organizations to the Secretary or a guaranty agency, whichever insures or guarantees a loan, upon receipt of a notice under subsection (a)(2) of this section that such a loan is in default, of information concerning the borrower's location or other information which may assist the Secretary, the guaranty agency, the eligible lender, or the subsequent holder in collecting the loan.

**(c) Contents of agreements**

Agreements entered into pursuant to this section shall contain such provisions as may be necessary to ensure that—

(1) no information is disclosed by the Secretary or the guaranty agency, eligible lender, or subsequent holder unless its accuracy and completeness have been verified and the Secretary or the guaranty agency has determined that disclosure would accomplish the purpose of this section;

(2) as to any information so disclosed, such organizations will be promptly notified of, and will promptly record, any change submitted

by the Secretary, the guaranty agency, eligible lender, or subsequent holder with respect to such information, or any objections by the borrower with respect to any such information, as required by section 611 of the Fair Credit Reporting Act (15 U.S.C. 1681i);

(3) no use will be made of any such information which would result in the use of collection practices with respect to such a borrower that are not fair and reasonable or that involve harassment, intimidation, false or misleading representations, or unnecessary communication concerning the existence of such loan or concerning any such information; and

(4) with regard to notices of default under subsection (a)(2) of this section, except for disclosures made to obtain the borrower's location, the Secretary, or the guaranty agency, eligible lender, or subsequent holder whichever is applicable (A) shall not disclose any such information until the borrower has been notified that such information will be disclosed to credit bureau organizations unless the borrower enters into repayment of his or her loan, but (B) shall, if the borrower has not entered into repayment within a reasonable period of time, but not less than 30 days, from the date such notice has been sent to the borrower, disclose the information required by this subsection.

**(d) Contractor status of participants**

A guaranty agency, eligible lender, or subsequent holder or credit bureau organization which discloses or receives information under this section shall not be considered a Government contractor within the meaning of section 552a of title 5.

**(e) Disclosure to institutions**

The Secretary and each guaranty agency, eligible lender, and subsequent holder of a loan are authorized to disclose information described in subsections (a) and (b) of this section concerning student borrowers to the eligible institutions such borrowers attend or previously attended. To further the purpose of this section, an eligible institution may enter into an arrangement with any or all of the holders of delinquent loans made to borrowers who attend or previously attended such institution for the purpose of providing current information regarding the borrower's location or employment or for the purpose of assisting the holder in contacting and influencing borrowers to avoid default.

**(f) Duration of authority**

Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary or a guaranty agency, eligible lender, or subsequent holder regarding the status of a borrower's defaulted account on a loan guaranteed under this part until—

(1) 7 years from the date on which the Secretary or the agency paid a claim to the holder on the guaranty;

(2) 7 years from the date the Secretary, guaranty agency, eligible lender, or subsequent holder first reported the account to the consumer reporting agency; or



(3) in the case of a borrower who reenters repayment after defaulting on a loan and subsequently goes into default on such loan, 7 years from the date the loan entered default such subsequent time.

(Pub. L. 89-329, title IV, §430A, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1398; amended Pub. L. 100-50, §10(v), June 3, 1987, 101 Stat. 346; Pub. L. 102-325, title IV, §424, July 23, 1992, 106 Stat. 543; Pub. L. 103-208, §2(c)(52), Dec. 20, 1993, 107 Stat. 2467.)

#### REFERENCES IN TEXT

The Fair Credit Reporting Act, referred to in subsec. (a), is title VI of Pub. L. 90-321, as added by Pub. L. 91-508, title VI, §601, Oct. 26, 1970, 84 Stat. 1127, as amended, which is classified generally to subchapter III (§1681 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

#### PRIOR PROVISIONS

A prior section 1080a, Pub. L. 89-329, title IV, §430A, as added Pub. L. 99-272, title XVI, §16023, Apr. 7, 1986, 100 Stat. 349; amended Pub. L. 99-320, §2(c), May 23, 1986, 100 Stat. 491, related to reports to credit bureaus and institutions of higher education, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (f)(1). Pub. L. 103-208 substituted a semicolon for the comma at end.

1992—Subsec. (f). Pub. L. 102-325 struck out “or” at end of par. (1), added pars. (2) and (3), and struck out former par. (2) which read as follows: “with regard to an account on a loan on which the Secretary or the guaranty agency has paid a claim but not reported the account to a consumer reporting agency on or before October 1, 1985, 7 years from that date.”

1987—Subsec. (e). Pub. L. 100-50 inserted sentence at end permitting an eligible institution to enter into arrangements with holders of delinquent loans made to borrowers for purpose of providing current information on borrower’s location or employment or to assist holder in contacting and influencing borrower to avoid default.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1077, 1078-3, 1087cc of this title.

### § 1081. Insurance fund

#### (a) Establishment

There is hereby established a student loan insurance fund (hereinafter in this section called the “fund”) which shall be available without fiscal year limitation to the Secretary for making payments in connection with the default of loans insured by the Secretary under this part, or in connection with payments under a guar-

anty agreement under section 1078(c) of this title. All amounts received by the Secretary as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Secretary in connection with operations under this part, any excess advances under section 1072 of this title, and any other moneys, property, or assets derived by the Secretary from operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Secretary under this part, or in connection with such guaranty agreements shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

#### (b) Borrowing authority

If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured by the Secretary under this part, or in connection with any guaranty agreement made under section 1078(c) of this title, the Secretary is authorized, to the extent provided in advance by appropriations Acts, to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, and the purposes for which securities may be issued under that chapter, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under the subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

(Pub. L. 89-329, title IV, §431, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1400; amended Pub. L. 100-50, §10(w), June 3, 1987, 101 Stat. 346.)

#### CODIFICATION

In subsec. (b), “chapter 31 of title 31” and “that chapter” substituted for “the Second Liberty Bond Act, as amended” and “that Act, as amended”, respectively, on authority of Pub. L. 97-258, §4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

## PRIOR PROVISIONS

A prior section 1081, Pub. L. 89-329, title IV, § 431, Nov. 8, 1965, 79 Stat. 1245; Pub. L. 90-460, § 3(c), Aug. 3, 1968, 82 Stat. 638; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2126; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to a student loan insurance fund, prior to the general revision of this part by Pub. L. 99-498.

## AMENDMENTS

1987—Subsec. (a). Pub. L. 100-50 substituted “section 1072 of this title” for “section 1072(a)(4)(C) of this title”.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

## TRANSFER OF ASSETS AND LIABILITIES OF THE VOCATIONAL STUDENT LOAN INSURANCE FUND

All assets and liabilities of the vocational student loan insurance fund transferred to the student loan insurance fund, see section 116(c)(2) of Pub. L. 90-575, set out as a note under former section 981 et seq. of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1071, 1072, 1078, 1078-3, 1087-1, 1087-2 of this title.

**§ 1082. Legal powers and responsibilities****(a) General powers**

In the performance of, and with respect to, the functions, powers, and duties, vested in him by this part, the Secretary may—

(1) prescribe such regulations as may be necessary to carry out the purposes of this part, including regulations applicable to third party servicers (including regulations concerning financial responsibility standards for, and the assessment of liabilities for program violations against, such servicers) to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States for the actions or inactions of such servicers;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under the Secretary's control and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 509, 517, 547, and 2679 of title 28;

(3) include in any contract for Federal loan insurance such terms, conditions, and covenants relating to repayment of principal and payment of interest, relating to the Secretary's obligations and rights to those of eli-

gible lenders, and borrowers in case of default, and relating to such other matters as the Secretary determines to be necessary to assure that the purposes of this part will be achieved; and any term, condition, and covenant made pursuant to this paragraph or pursuant to any other provision of this part may be modified by the Secretary, after notice and opportunity for a hearing, if the Secretary finds that the modification is necessary to protect the United States from the risk of unreasonable loss;

(4) subject to the specific limitations in this part, consent to modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan which has been insured by the Secretary under this part;

(5) enforce, pay, or compromise, any claim on, or arising because of, any such insurance or any guaranty agreement under section 1078(c) of this title; and

(6) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption.

**(b) Financial operations responsibilities**

The Secretary shall, with respect to the financial operations arising by reason of this part prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31. The transactions of the Secretary, including the settlement of insurance claims and of claims for payments pursuant to section 1078 of this title, and transactions related thereto and vouchers approved by the Secretary in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.

**(c) Data collection****(1) Collection by category of loan**

(A) For loans insured after December 31, 1976, or in the case of each insurer after such earlier date where the data required by this subsection are available, the Secretary and all other insurers under this part shall collect and accumulate all data relating to (i) loan volume insured and (ii) defaults reimbursed or default rates according to the categories of loans listed in subparagraph (B) of this paragraph.

(B) The data indicated in subparagraph (A) of this paragraph shall be accumulated according to the category of lender making the loan and shall be accumulated separately for lenders who are (i) eligible institutions, (ii) State or private, nonprofit direct lenders, (iii) commercial financial institutions who are banks, savings and loan associations, or credit unions, and (iv) all other types of institutions or agencies.

(C) The Secretary may designate such additional subcategories within the categories specified in subparagraph (B) of this paragraph as the Secretary deems appropriate.

(D) The category or designation of a loan shall not be changed for any reason, including

its purchase or acquisition by a lender of another category.

**(2) Collection and reporting requirements**

(A) The Secretary shall collect data under this subsection from all insurers under this part and shall publish not less often than once every fiscal year a report showing loan volume guaranteed and default data for each category specified in subparagraph (B) of paragraph (1) of this subsection and for the total of all lenders.

(B) The reports specified in subparagraph (A) of this paragraph shall include a separate report for each insurer under this part including the Secretary, and where an insurer insures loans for lenders in more than one State, such insurer's report shall list all data separately for each State.

**(3) Institutional, public, or nonprofit lenders**

For purposes of clarity in communications, the Secretary shall separately identify loans made by the lenders referred to in clause (i) and loans made by the lenders referred to in clause (ii) of paragraph (1)(B) of this subsection.

**(d) Delegation**

**(1) Regional offices**

The functions of the Secretary under this part listed in paragraph (2) of this subsection may be delegated to employees in the regional office of the Department.

**(2) Delegable functions**

The functions which may be delegated pursuant to this subsection are—

(A) reviewing applications for loan insurance under section 1079 of this title and issuing contracts for Federal loan insurance, certificates of insurance, and certificates of comprehensive insurance coverage to eligible lenders which are financial or credit institutions subject to examination and supervision by an agency of the United States or of any State;

(B) receiving claims for payments under section 1080(a) of this title, examining those claims, and pursuant to regulations of the Secretary, approving claims for payment, or requiring lenders to take additional collection action as a condition for payment of claims; and

(C) certifying to the central office when collection of defaulted loans has been completed, compromising or agreeing to the modification of any Federal claim against a borrower (pursuant to regulations of the Secretary issued under subsection (a) of this section), and recommending litigation with respect to any such claim.

**(e) Use of information on borrowers**

Notwithstanding any other provision of law, the Secretary may provide to eligible lenders, and to any guaranty agency having a guaranty agreement under section 1078(c)(1) of this title, any information with respect to the names and addresses of borrowers or other relevant information which is available to the Secretary, from whatever source such information may be derived.

**(f) Audit of financial transactions**

**(1) Comptroller General and Inspector General authority**

The Comptroller General and the Inspector General of the Department of Education shall each have the authority to conduct an audit of the financial transactions of—

(A) any guaranty agency operating under an agreement with the Secretary pursuant to section 1078(b) of this title;

(B) any eligible lender as defined in section 1085(d)(1)(D), (F), or (H) of this title;

(C) a representative sample of eligible lenders under this part, upon the request of the Committee on Education and Labor of the House of Representatives or the Committee on Labor and Human Resources of the Senate, with respect to the payment of the special allowance under section 1087-1 of this title in order to evaluate the program authorized by this part; and

(D) any Authority required to file a plan for doing business under section 1087-1(d)<sup>1</sup> of this title.

**(2) Access to records**

For the purpose of carrying out this subsection, the records of any entity described in subparagraph (A), (B), (C), or (D) of paragraph (1) shall be available to the Comptroller General and the Inspector General of the Department of Education. For the purpose of section 716(c) of title 31, such records shall be considered to be records to which the Comptroller General has access by law, and for the purpose of section 6(a)(4) of the Inspector General Act of 1978, such records shall be considered to be records necessary in the performance of functions assigned by that Act to the Inspector General.

**(3) "Record" defined**

For the purpose of this subsection, the term "record" includes any information, document, report, answer, account, paper, or other data or documentary evidence.

**(4) Audit procedures**

In conducting audits pursuant to this subsection, the Comptroller General and the Inspector General of the Department of Education shall audit the records to determine the extent to which they, at a minimum, comply with Federal statutes, and rules and regulations prescribed by the Secretary, in effect at the time that the record was made, and in no case shall the Comptroller General or the Inspector General apply subsequently determined standards, procedures, or regulations to the records of such agency, lender, or Authority.

**(g) Civil penalties**

**(1) Authority to impose penalties**

Upon determination, after reasonable notice and opportunity for a hearing, that a lender or a guaranty agency—

(A) has violated or failed to carry out any provision of this part or any regulation prescribed under this part, or

<sup>1</sup> See References in Text note below.

(B) has engaged in substantial misrepresentation of the nature of its financial charges,

the Secretary may impose a civil penalty upon such lender or agency of not to exceed \$25,000 for each violation, failure, or misrepresentation.

**(2) Limitations**

No civil penalty may be imposed under paragraph (1) of this subsection unless the Secretary determines that—

(A) the violation, failure, or substantial misrepresentation referred to in that paragraph resulted from a violation, failure, or misrepresentation that is material; and

(B) the lender or guaranty agency knew or should have known that its actions violated or failed to carry out the provisions of this part or the regulations thereunder.

**(3) Correction of failure**

A lender or guaranty agency has no liability under paragraph (1) of this subsection if, prior to notification by the Secretary under that paragraph, the lender or guaranty agency cures or corrects the violation or failure or notifies the person who received the substantial misrepresentation of the actual nature of the financial charges involved.

**(4) Consideration as single violation**

For the purpose of paragraph (1) of this subsection, violations, failures, or substantial misrepresentations arising from a specific practice of a lender or guaranty agency, and occurring prior to notification by the Secretary under that paragraph, shall be deemed to be a single violation, failure, or substantial misrepresentation even if the violation, failure, or substantial misrepresentation affects more than one loan or more than one borrower, or both. The Secretary may only impose a single civil penalty for each such violation, failure, or substantial misrepresentation.

**(5) Assignees not liable for violations by others**

If a loan affected by a violation, failure, or substantial misrepresentation is assigned to another holder, the lender or guaranty agency responsible for the violation, failure, or substantial misrepresentation shall remain liable for any civil money penalty provided for under paragraph (1) of this subsection, but the assignee shall not be liable for any such civil money penalty.

**(6) Compromise**

Until a matter is referred to the Attorney General, any civil penalty under paragraph (1) of this subsection may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the Secretary shall consider the appropriateness of the penalty to the resources of the lender or guaranty agency subject to the determination; the gravity of the violation, failure, or substantial misrepresentation; the frequency and persistence of the violation, failure, or substantial misrepresentation; and the amount of any losses resulting from the violation, failure, or substantial misrepresentation.

The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the lender or agency charged, unless the lender or agency has, in the case of a final agency determination, commenced proceedings for judicial review within 90 days of the determination, in which case the deduction may not be made during the pendency of the proceeding.

**(h) Authority of the Secretary to impose and enforce limitations, suspensions, and terminations**

**(1) Imposition of sanctions**

(A) If the Secretary, after a reasonable notice and opportunity for hearing to an eligible lender, finds that the eligible lender—

(i) has substantially failed—

(I) to exercise reasonable care and diligence in the making and collecting of loans under the provisions of this part,

(II) to make the reports or statements under section 1078(a)(4) of this title, or

(III) to pay the required loan insurance premiums to any guaranty agency, or

(ii) has engaged in—

(I) fraudulent or misleading advertising or in solicitations that have resulted in the making of loans insured or guaranteed under this part to borrowers who are ineligible; or

(II) the practice of making loans that violate the certification for eligibility provided in section 1078 of this title,

the Secretary shall limit, suspend, or terminate that lender from participation in the insurance programs operated by guaranty agencies under this part.

(B) The Secretary shall not lift any such limitation, suspension, or termination until the Secretary is satisfied that the lender's failure under subparagraph (A)(i) of this paragraph or practice under subparagraph (A)(ii) of this paragraph has ceased and finds that there are reasonable assurances that the lender will—

(i) exercise the necessary care and diligence,

(ii) comply with the requirements described in subparagraph (A)(i), or

(iii) cease to engage in the practices described in subparagraph (A)(ii),

as the case may be.

**(2) Review of sanctions on lenders**

(A) The Secretary shall review each limitation, suspension, or termination imposed by any guaranty agency pursuant to section 1078(b)(1)(U) of this title within 60 days after receipt by the Secretary of a notice from the guaranty agency of the imposition of such limitation, suspension, or termination, unless the right to such review is waived in writing by the lender. The Secretary shall uphold the imposition of such limitation, suspension, or termination in the student loan insurance program of each of the guaranty agencies under this part, and shall notify such guaranty agencies of such sanction—

- (i) if such review is waived; or
- (ii) if such review is not waived, unless the Secretary determines that the limitation, suspension, or termination was not imposed in accordance with requirements of such section.

(B) The Secretary's review under this paragraph of the limitation, suspension, or termination imposed by a guaranty agency pursuant to section 1078(b)(1)(U) of this title shall be limited to—

- (i) a review of the written record of the proceedings in which the guaranty agency imposed such sanctions; and
- (ii) a determination as to whether the guaranty agency complied with section 1078(b)(1)(U) of this title and any notice and hearing requirements prescribed in regulations of the Secretary under this part.

(C) The Secretary shall not lift any such sanction until the Secretary is satisfied that the lender has corrected the failures which led to the limitation, suspension, or termination, and finds that there are reasonable assurances that the lender will, in the future, comply with the requirements of this part. The Secretary shall notify each guaranty agency of the lifting of any such sanction.

### **(3) Review of sanctions on eligible institutions**

(A) The Secretary shall review each limitation, suspension, or termination imposed by any guaranty agency pursuant to section 1078(b)(1)(T) of this title within 60 days after receipt by the Secretary of a notice from the guaranty agency of the imposition of such limitation, suspension, or termination, unless the right to such review is waived in writing by the institution. The Secretary shall uphold the imposition of such limitation, suspension, or termination in the student loan insurance program of each of the guaranty agencies under this part, and shall notify such guaranty agencies of such sanctions—

- (i) if such review is waived; or
- (ii) if such review is not waived, unless the Secretary determines that the limitation, suspension, or termination was not imposed in accordance with requirements of such section.

(B) The Secretary's review under this paragraph of the limitation, suspension, or termination imposed by a guaranty agency pursuant to section 1078(b)(1)(T) of this title shall be limited to—

- (i) a review of the written record of the proceedings in which the guaranty agency imposed such sanctions; and
- (ii) a determination as to whether the guaranty agency complied with section 1078(b)(1)(T) of this title and any notice and hearing requirements prescribed in regulations of the Secretary under this part.

(C) The Secretary shall not lift any such sanction until the Secretary is satisfied that the institution has corrected the failures which led to the limitation, suspension, or termination, and finds that there are reasonable assurances that the institution will, in the future, comply with the requirements of this

part. The Secretary shall notify each guaranty agency of the lifting of any such sanction.

### **(i) Authority to sell defaulted loans**

In the event that all other collection efforts have failed, the Secretary is authorized to sell defaulted student loans assigned to the United States under this part to collection agencies, eligible lenders, guaranty agencies, or other qualified purchaser on such terms as the Secretary determines are in the best financial interests of the United States. A loan may not be sold pursuant to this subsection if such loan is in repayment status.

### **(j) Authority of Secretary to take emergency actions against lenders**

#### **(1) Imposition of sanctions**

If the Secretary—

(A) receives information, determined by the Secretary to be reliable, that a lender is violating any provision of this subchapter and part C of subchapter I of chapter 34 of title 42, any regulation prescribed under this subchapter and part C of subchapter I of chapter 34 of title 42, or any applicable special arrangement, agreement, or limitation;

(B) determines that immediate action is necessary to prevent misuse of Federal funds; and

(C) determines that the likelihood of loss outweighs the importance of following the limitation, suspension, or termination procedures authorized in subsection (h) of this section;

the Secretary shall, effective on the date on which a notice and statement of the basis of the action is mailed to the lender (by registered mail, return receipt requested), take emergency action to stop the issuance of guarantee commitments and the payment of interest benefits and special allowance to the lender.

#### **(2) Length of emergency action**

An emergency action under this subsection may not exceed 30 days unless a limitation, suspension, or termination proceeding is initiated against the lender under subsection (h) of this section before the expiration of that period.

#### **(3) Opportunity to show cause**

The Secretary shall provide the lender, if it so requests, an opportunity to show cause that the emergency action is unwarranted.

### **(k) Program of assistance for borrowers**

#### **(1) In general**

The Secretary shall undertake a program to encourage corporations and other private and public employers, including the Federal Government, to assist borrowers in repaying loans received under this subchapter and part C of subchapter I of chapter 34 of title 42, including providing employers with options for payroll deduction of loan payments and offering loan repayment matching provisions as part of employee benefit packages.

#### **(2) Publication**

The Secretary shall publicize models for providing the repayment assistance described in

paragraph (1) and each year select entities that deserve recognition, through means devised by the Secretary, for the development of innovative plans for providing such assistance to employees.

**(3) Recommendation**

Within 1 year after July 23, 1992, the Secretary shall recommend to the appropriate committees in the Senate and House of Representatives changes to statutes that could be made in order to further encourage such efforts.

**(l) Uniform administrative and claims procedures**

**(1) In general**

The Secretary shall, by regulation developed in consultation with guaranty agencies, lenders, institutions of higher education, secondary markets, students, third party servicers and other organizations involved in providing loans under this part, prescribe standardized forms and procedures regarding—

- (A) origination of loans;
- (B) electronic funds transfer;
- (C) guaranty of loans;
- (D) deferments;
- (E) forbearance;
- (F) servicing;
- (G) claims filing;
- (H) borrower status change; and
- (I) cures.

**(2) Special rules**

(A) The forms and procedures described in paragraph (1) shall include all aspects of the loan process as such process involves eligible lenders and guaranty agencies and shall be designed to minimize administrative costs and burdens (other than the costs and burdens involved in the transition to new forms and procedures) involved in exchanges of data to and from borrowers, schools, lenders, secondary markets, and the Department.

(B) Nothing in this paragraph shall be construed to limit the development of electronic forms and procedures.

**(3) Simplification requirements**

Such regulations shall include—

(A) standardization of computer formats, forms design, and guaranty agency procedures relating to the origination, servicing, and collection of loans made under this part;

(B) authorization of alternate means of document retention, including the use of microfilm, microfiche, laser disc, compact disc, and other methods allowing the production of a facsimile of the original documents;

(C) authorization of the use of computer or similar electronic methods of maintaining records relating to the performance of servicing, collection, and other regulatory requirements under this chapter; and

(D) authorization and implementation of electronic data linkages for the exchange of information to and from lenders, guarantors, institutions of higher education, third party servicers, and the Department of Education for student status confirmation reports,

claim filing, interest and special allowance billing, deferment processing, and all other administrative steps relating to loans made pursuant to this part where using electronic data linkage is feasible.

**(4) Additional recommendations**

The Secretary shall review regulations prescribed pursuant to paragraph (1) and seek additional recommendations from guaranty agencies, lenders, institutions of higher education, students, secondary markets, third party servicers and other organizations involved in providing loans under this part, not less frequently than annually, for additional methods of simplifying and standardizing the administration of the programs authorized by this part.

**(m) Common forms and formats**

**(1) Common guaranteed student loan application form and promissory note**

**(A) In general**

The Secretary, in cooperation with representatives of guaranty agencies, eligible lenders, and organizations involved in student financial assistance, shall prescribe a common application form and promissory note to be used for applying for loans under this part.

**(B) Requirements**

The form prescribed by the Secretary shall—

- (i) use clear, concise, and simple language to facilitate understanding of loan terms and conditions by applicants;
- (ii) be formatted to require the applicant to clearly indicate a choice of lender; and
- (iii) permit, to the maximum extent practicable, application for any loan under this part.

**(C) Approval of form**

The Secretary shall approve a form for use not later than 360 days after July 23, 1992.

**(D) Special rule**

Nothing in this section shall be construed to limit the development of electronic forms and procedures.

**(2) Common deferment form**

The Secretary, in cooperation with representatives of guaranty agencies, institutions of higher education, and lenders involved in loans made under this part, shall prescribe a common deferment reporting form to be used for the processing of deferments of loans made under this subchapter and part C of subchapter I of chapter 34 of title 42.

**(3) Common reporting formats**

The Secretary shall promulgate standards including necessary rules, regulations (including the definitions of all relevant terms), and procedures so as to require all lenders and guaranty agencies to report information on all aspects of loans made under this part in uniform formats, so as to permit the direct comparison of data submitted by individual lenders, servicers, or guaranty agencies.

**(n) Default reduction management****(1) Authorization**

There are authorized to be appropriated \$25,000,000 for fiscal year 1993 and each of the four succeeding fiscal years, for the Secretary to expend for default reduction management activities for the purposes of establishing a performance measure that will reduce defaults by 5 percent relative to the prior fiscal year. Such funds shall be in addition to, and not in lieu of, other appropriations made for such purposes.

**(2) Allowable activities**

Allowable activities for which such funds shall be expended by the Secretary shall include the following: (A) program reviews; (B) audits; (C) debt management programs; (D) training activities; and (E) such other management improvement activities approved by the Secretary.

**(3) Plan for use required**

The Secretary shall submit a plan, for inclusion in the materials accompanying the President's budget each fiscal year, detailing the expenditure of funds authorized by this section to accomplish the 5 percent reduction in defaults. At the conclusion of the fiscal year, the Secretary shall report the Secretary's findings and activities concerning the expenditure of funds and whether the performance measure was met. If the performance measure was not met, the Secretary shall report the following:

(A) why the goal was not met, including an indication of any managerial deficiencies or of any legal obstacles;

(B) plans and a schedule for achieving the established performance goal;

(C) recommended legislative or regulatory changes necessary to achieve the goal; and

(D) if the performance standard or goal is impractical or infeasible, why that is the case and what action is recommended, including whether the goal should be changed or the program altered or eliminated.

This report shall be submitted to the Appropriations Committees of the House of Representatives and the Senate and to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate.

**(o) Consequences of guaranty agency insolvency**

In the event that the Secretary has determined that a guaranty agency is unable to meet its insurance obligations under this part, the holder of loans insured by the guaranty agency may submit insurance claims directly to the Secretary and the Secretary shall pay to the holder the full insurance obligation of the guaranty agency, in accordance with insurance requirements no more stringent than those of the guaranty agency. Such arrangements shall continue until the Secretary is satisfied that the insurance obligations have been transferred to another guarantor who can meet those obligations or a successor will assume the outstanding insurance obligations.

**(p) Reporting requirement**

All officers and directors, and those employees and paid consultants of eligible institutions, eligible lenders, guaranty agencies, loan servicing agencies, accrediting agencies or associations, State licensing agencies or boards, State post-secondary reviewing entities designated under subpart 1 of part G of this subchapter, and entities acting as secondary markets (including the Student Loan Marketing Association), who are engaged in making decisions as to the administration of any program or funds under this subchapter and part C of subchapter I of chapter 34 of title 42 or as to the eligibility of any entity or individual to participate under this subchapter and part C of subchapter I of chapter 34 of title 42, shall report to the Secretary, in such manner and at such time as the Secretary shall require, on any financial interest which such individual may hold in any other entity participating in any program assisted under this subchapter and part C of subchapter I of chapter 34 of title 42.

(Pub. L. 89-329, title IV, § 432, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1401; amended Pub. L. 100-50, § 10(x), (y), June 3, 1987, 101 Stat. 346; Pub. L. 101-239, title II, § 2006(a), Dec. 19, 1989, 103 Stat. 2118; Pub. L. 102-325, title IV, § 425, July 23, 1992, 106 Stat. 543; Pub. L. 103-208, § 2(k)(2), (3), Dec. 20, 1993, 107 Stat. 2485; Pub. L. 104-66, title I, § 1042(e), Dec. 21, 1995, 109 Stat. 716.)

**REFERENCES IN TEXT**

Section 1087-1(d) of this title, referred to in subsec. (f)(1)(D), was redesignated section 1087-1(e) by Pub. L. 103-66, title IV, § 4103(1), Aug. 10, 1993, 107 Stat. 367.

The Inspector General Act of 1978, referred to in subsec. (f)(2), is Pub. L. 95-452, Oct. 12, 1978, 92 Stat. 1101, as amended, which is set out in the Appendix to Title 5, Government Organization and Employees.

This chapter, referred to in subsec. (l)(3)(C), was in the original "this Act", meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

**PRIOR PROVISIONS**

A prior section 1082, Pub. L. 89-329, title IV, § 432, Nov. 8, 1965, 79 Stat. 1246; Pub. L. 90-460, § 3(d), Aug. 3, 1968, 82 Stat. 638; Pub. L. 93-604, title VII, § 705(a), Jan. 2, 1975, 88 Stat. 1964; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2127; Pub. L. 96-88, title III, § 301(b)(2), Oct. 17, 1979, 93 Stat. 678; Pub. L. 96-374, title IV, § 416(c), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1421, 1503; Pub. L. 99-272, title XVI, § 16024, Apr. 7, 1986, 100 Stat. 351, related to functions, powers, and duties of Secretary, prior to the general revision of this part by Pub. L. 99-498.

**AMENDMENTS**

1995—Subsec. (b). Pub. L. 104-66 amended heading and text of subsec. (b) generally. Prior to amendment, text read as follows: "The Secretary shall, with respect to the financial operations arising by reason of this part—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31; and

"(2) maintain with respect to insurance under this part an integral set of accounts and prepare financial statements in accordance with generally accepted accounting principles, which shall be audited annually by the General Accounting Office in conformity with

generally accepted Government auditing standards except that the transactions of the Secretary, including the settlement of insurance claims and of claims for payments pursuant to section 1078 of this title, and transactions related thereto and vouchers approved by the Secretary in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.”

1993—Subsec. (h)(2)(A), (3)(A). Pub. L. 103-208 amended directory language of Pub. L. 102-325, § 425(d)(1). See 1992 Amendment notes below.

1992—Subsec. (a)(1). Pub. L. 102-325, § 425(a), inserted before semicolon at end “, including regulations applicable to third party servicers (including regulations concerning financial responsibility standards for, and the assessment of liabilities for program violations against, such servicers) to establish minimum standards with respect to sound management and accountability of programs under this part, except that in no case shall damages be assessed against the United States for the actions or inactions of such servicers”.

Subsecs. (a)(3), (g)(1). Pub. L. 102-325, § 425(b)(1), (2), struck out “on the record” after “for a hearing”.

Subsec. (g)(2). Pub. L. 102-325, § 425(c)(1), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “No civil penalty may be imposed under paragraph (1) of this subsection unless it is determined that the violation, failure, or substantial misrepresentation referred to in that paragraph resulted from—

“(A)(i) a clear and consistent pattern or practice of violations, failures, or substantial misrepresentations in which the lender or guaranty agency did not maintain procedures reasonably adapted to avoid the violation, failure, or substantial misrepresentation; “(ii) gross negligence; or

“(iii) willful actions on the part of the lender or guaranty agency; and

“(B) the violation, failure, or substantial misrepresentation is material.”

Subsec. (g)(3). Pub. L. 102-325, § 425(c)(2), substituted “notification by the Secretary under that paragraph” for “the institution of an action under that paragraph”.

Subsec. (g)(4). Pub. L. 102-325, § 425(c)(3), inserted “, and occurring prior to notification by the Secretary under that paragraph,” after “guaranty agency” and substituted “or both. The” for “or both, and the”.

Subsec. (h)(2)(A). Pub. L. 102-325, § 425(d)(1), as amended by Pub. L. 103-208, § 2(k)(2), in second sentence substituted “The Secretary shall uphold the imposition of such limitation, suspension, or termination in the student loan insurance program of each of the guaranty agencies under this part, and shall notify such guaranty agencies of such sanction” for “The Secretary shall disqualify such lender from participation in the student loan insurance program of each of the guaranty agencies under this part, and notify such guaranty agencies of such disqualification”.

Pub. L. 102-325, § 425(b)(3), in first sentence struck out “, in accordance with sections 556 and 557 of title 5,” after “The Secretary shall”.

Subsec. (h)(2)(B), (C). Pub. L. 102-325, § 425(d)(2), (3), added subpar. (B), redesignated former subpar. (B) as (C), and substituted “sanction” for “disqualification” in two places.

Subsec. (h)(3)(A). Pub. L. 102-325, § 425(d)(4), as amended by Pub. L. 103-208, § 2(k)(3), in second sentence substituted “The Secretary shall uphold the imposition of such limitation, suspension, or termination in the student loan insurance program of each of the guaranty agencies under this part, and shall notify such guaranty agencies of such sanctions” for “The Secretary shall disqualify such institution from participation in the student loan insurance program of each of the guaranty agencies under this part, and notify such guaranty agencies of such disqualification”.

Pub. L. 102-325, § 425(b)(4), in first sentence struck out “, in accordance with sections 556 and 557 of title 5,” after “The Secretary shall”.

Subsec. (h)(3)(B), (C). Pub. L. 102-325, § 425(d)(5), (6), added subpar. (B), redesignated former subpar. (B) as

(C), and substituted “sanction” for “disqualification” in two places.

Subsecs. (k) to (p). Pub. L. 102-325, § 425(e), added subsecs. (k) to (p).

1989—Subsec. (j). Pub. L. 101-239 added subsec. (j).

1987—Subsec. (f)(4). Pub. L. 100-50, § 10(x), added par. (4).

Subsec. (g)(2)(A)(i), (B). Pub. L. 100-50, § 10(y), substituted “misrepresentation” for “representation”.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1078, 1087c, 1087hh, 1090, 1094 of this title.

### § 1083. Student loan information by eligible lenders

#### (a) Required disclosure before disbursement

Each eligible lender shall, at or prior to the time such lender disburses a loan which is insured or guaranteed under this part (other than a loan made under section 1078-3 of this title), provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosure shall include—

(1) a statement prominently and clearly displayed and in bold print that the borrower is receiving a loan that must be repaid;

(2) the name of the eligible lender, and the address to which communications and payments should be sent;

(3) the principal amount of the loan;

(4) the amount of any charges, such as the origination fee and insurance premium, collected by the lender at or prior to the disbursement of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;

(5) the stated interest rate on the loan;

(6) the yearly and cumulative maximum amounts that may be borrowed;

(7) an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;

(8) a statement as to the minimum and maximum repayment term which the lender may impose, and the minimum annual payment required by law;



(9) a statement of the total cumulative balance, including the loan applied for, owed by the student to that lender, and an estimate of the projected monthly payment, given such cumulative balance;

(10) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

(11) a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note);<sup>1</sup>

(12) a definition of default and the consequences to the borrower if the borrower defaults, including a statement that the default will be reported to a credit bureau or credit reporting agency;

(13) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

(14) an explanation of any cost the borrower may incur in the making or collection of the loan.

**(b) Required disclosure before repayment**

Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower the information required under this subsection. For any loan made, insured, or guaranteed under this part, other than a loan made under section 1078-2 or 1078-3 of this title, such disclosure required by this subsection shall be made not less than 30 days nor more than 240 days before the first payment on the loan is due from the borrower. The disclosure shall include—

(1) the name of the eligible lender, and the address to which communications and payments should be sent;

(2) the scheduled date upon which the repayment period is to begin;

(3) the estimated balance owed by the borrower on the loan or loans covered by the disclosure as of the scheduled date on which the repayment period is to begin (including, if applicable, the estimated amount of interest to be capitalized);

(4) the stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates;

(5) the nature of any fees which may accrue or be charged to the borrower during the repayment period;

(6) the repayment schedule for all loans covered by the disclosure including the date the first installment is due, and the number, amount, and frequency of required payments;

(7) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan and of the availability and terms of such other options, except

that such explanation is not required when the loan being made is a consolidation loan under section 1078-3 of this title;

(8) except as provided in subsection (e) of this section, the projected total of interest charges which the borrower will pay on the loan or loans, assuming that the borrower makes payments exactly in accordance with the repayment schedule; and

(9) a statement that the borrower has the right to prepay all or part of the loan or loans covered by the disclosure at any time without penalty.

**(c) Cost of disclosure and consequences of non-disclosure**

Such information shall be available without cost to the borrower. The failure of an eligible lender to provide information as required by this section shall not (1) relieve a borrower of the obligation to repay a loan in accordance with its terms, (2) provide a basis for a claim for civil damages, or (3) be deemed to abrogate the obligation of the Secretary under a contract of insurance or reinsurance, or the obligation of a guaranty agency under a contract of guaranty. Nothing in this section shall be construed as subjecting the lender to the Truth in Lending Act [15 U.S.C. 1601 et seq.] with regard to loans made under this part. The Secretary may limit, suspend, or terminate the continued participation of an eligible lender in making loans under this part for failure by that lender to comply with this section.

**(d) Separate statement**

Each eligible lender shall, at the time such lender notifies a borrower of approval of a loan which is insured or guaranteed under this part, provide the borrower with a separate paper which summarizes (in plain English) the rights and responsibilities of the borrower with respect to the loan, including a statement of the consequences of defaulting on the loan and a statement that each borrower who defaults will be reported to a credit bureau. The requirement of this subsection shall be in addition to the information required by subsection (a) of this section.

**(e) Special disclosure rules on SLS loans and PLUS loans and unsubsidized loans**

Loans made under sections 1078-1,<sup>2</sup> 1078-2, and 1078-8 of this title shall not be subject to the disclosure of projected monthly payment amounts required under subsection (b)(8) of this section if the lender, in lieu of such disclosure, provides the borrower with sample projections of monthly repayment amounts assuming different levels of borrowing and interest accruals resulting from capitalization of interest while the borrower is in school. Such sample projections shall disclose the cost to the student of capitalizing—

(1) principal and interest; and

(2) interest only.

(Pub. L. 89-329, title IV, § 433, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1406; amended Pub. L. 100-50, § 10(z), June 3, 1987, 101 Stat. 346; Pub. L. 102-325, title IV, § 426, July

<sup>1</sup> See References in Text note below.

<sup>2</sup> See References in Text note below.

23, 1992, 106 Stat. 548; Pub. L. 103-208, §2(c)(53), (54), (k)(4), Dec. 20, 1993, 107 Stat. 2468, 2485.)

#### REFERENCES IN TEXT

Section 902 of the Department of Defense Authorization Act, 1981, referred to in subsec. (a)(11), is section 902 of Pub. L. 96-342, title IX, Sept. 8, 1980, 94 Stat. 1115, as amended, which was set out as a note under section 2141 of Title 10, Armed Forces, and was repealed by Pub. L. 99-145, title VI, §671(a)(3), Nov. 8, 1985, 99 Stat. 663. See section 16302 of Title 10.

Truth in Lending Act, referred to in subsec. (c), is title I of Pub. L. 90-321, May 29, 1968, 82 Stat. 146, as amended, which is classified generally to subchapter I (§1601 et seq.) of chapter 41 of Title 15, Commerce and Trade. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 15 and Tables.

Section 1078-1 of this title, referred to in subsec. (e), was repealed by Pub. L. 103-66, title IV, §4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

#### PRIOR PROVISIONS

A prior section 1083, Pub. L. 89-329, title IV, §433, Nov. 8, 1965, 79 Stat. 1247; Pub. L. 90-575, title I, §116(d), Oct. 16, 1968, 82 Stat. 1024; Pub. L. 92-318, title I, §132(c), June 23, 1972, 86 Stat. 261; Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2129; Pub. L. 95-43, §1(a)(34), June 15, 1977, 91 Stat. 216; Pub. L. 96-374, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to requirements for institutional lenders, prior to the general revision of this part by Pub. L. 99-498.

A prior section 1083a, Pub. L. 89-329, title IV, §433A, as added Pub. L. 96-374, title IV, §418, Oct. 3, 1980, 94 Stat. 1423; amended Pub. L. 97-301, §13(a), Oct. 13, 1982, 96 Stat. 1404; Pub. L. 98-79, §3(a), Aug. 15, 1983, 97 Stat. 476; Pub. L. 99-272, title XVI, §16012(c), Apr. 7, 1986, 100 Stat. 340, related to student loan information to be provided by eligible lenders, prior to the general revision of this part by Pub. L. 99-498. See section 1083 of this title.

#### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-208, §2(c)(53), substituted “30 days” for “60 days” in introductory provisions.

Subsec. (e). Pub. L. 103-208, §2(k)(4), amended directory language of Pub. L. 102-325, §426(c). See 1992 Amendment note below.

Pub. L. 103-208, §2(c)(54), substituted “sections” for “section” before “1078-1”.

1992—Subsec. (a). Pub. L. 102-325, §426(a), added par. (1) and redesignated former pars. (1) to (13) as (2) to (14), respectively.

Subsec. (b). Pub. L. 102-325, §426(b)(1), in introductory provisions, inserted second sentence and struck out former second sentence which read as follows: “Any disclosure required by this subsection may be made by an eligible lender either in a promissory note evidencing the loan or loans or in a written statement provided to the borrower.”

Subsec. (b)(8). Pub. L. 102-325, §426(b)(2), inserted “except as provided in subsection (e) of this section,” before “the projected”.

Subsec. (e). Pub. L. 102-325, §426(c), as amended by Pub. L. 103-208, §2(k)(4), added subsec. (e).

1987—Subsec. (a). Pub. L. 100-50, §10(z)(1), inserted “(other than a loan made under section 1078-3 of this title)” after “this part” in first sentence.

Subsec. (a)(8). Pub. L. 100-50, §10(z)(2), added par. (8) and struck out former par. (8) which read as follows: “a statement of the total cumulative balance, including the loan applied for, owed by the student to that lender, the projected level of indebtedness of the student based on a 4-year college career, and an estimate of the projected monthly repayment given the level of indebtedness over a 4- or 5-year college career;”.

Subsec. (b)(7). Pub. L. 100-50, §10(z)(3), inserted “, except that such explanation is not required when the loan being made is a consolidation loan under section 1078-3 of this title” before semicolon at end.

Subsec. (d). Pub. L. 100-50, §10(z)(4), substituted “notifies a borrower of approval of a loan” for “makes the first disbursement of a loan with respect to a borrower”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by section 2(c)(53) of Pub. L. 103-208 effective on and after 60 days after Dec. 20, 1993 and amendments by section 2(c)(54), (k)(4) of Pub. L. 103-208 effective, except as otherwise provided, as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, see section 5(a), (b)(4) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, with subsecs. (a), (b), and (d) of this section applicable only with respect to loans disbursed on or after Jan. 1, 1987, or made to cover the costs of instruction for periods of enrollment beginning on or after Jan. 1, 1987, see section 402(b) of Pub. L. 99-498, set out as a note under section 1071 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1077a of this title.

### § 1084. Participation by Federal credit unions in Federal, State, and private student loan insurance programs

Notwithstanding any other provision of law, Federal credit unions shall, pursuant to regulations of the National Credit Union Administration, have power to make insured loans to student members in accordance with the provisions of this part relating to federally insured loans, or in accordance with the provisions of any State or nonprofit private student loan insurance program which meets the requirements of section 1078(a)(1)(B) of this title.

(Pub. L. 89-329, title IV, §434, as added Pub. L. 99-498, title IV, §402(a), Oct. 17, 1986, 100 Stat. 1408.)

#### PRIOR PROVISIONS

A prior section 1084, Pub. L. 89-329, title IV, §434, Nov. 8, 1965, 79 Stat. 1247; Pub. L. 90-575, title I, §116(b)(4), Oct. 16, 1968, 82 Stat. 1024; Pub. L. 91-206, §6, Mar. 10, 1970, 84 Stat. 51; Pub. L. 92-318, title I, §132D(e), June 23, 1972, 86 Stat. 264; Pub. L. 94-482, title I, §127(a), Oct. 12, 1976, 90 Stat. 2129; Pub. L. 95-630, title V, §502(a), Nov. 10, 1978, 92 Stat. 3681, related to participation by Federal credit unions in Federal, State, and private student loan insurance programs, prior to the general revision of this part by Pub. L. 99-498.

### § 1085. Definitions for student loan insurance program

As used in this part:

#### (a) Eligible institution

##### (1) In general

Except as provided in paragraph (2), the term “eligible institution” means an institu-

tion of higher education, as defined in section 1088 of this title, except that, for the purposes of sections 1077(a)(2)(C)(i) and 1078(b)(1)(M)(i) of this title, an eligible institution includes any institution that is within this definition without regard to whether such institution is participating in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 and includes any institution ineligible for participation in any program under this part pursuant to paragraph (2) of this subsection.

**(2) Ineligibility based on high default rates**

(A) An institution whose cohort default rate is equal to or greater than the threshold percentage specified in subparagraph (B) for each of the three most recent fiscal years for which data are available shall not be eligible to participate in a program under this part for the fiscal year for which the determination is made and for the two succeeding fiscal years, unless, within 30 days of receiving notification from the Secretary of the loss of eligibility under this paragraph, the institution appeals the loss of its eligibility to the Secretary. The Secretary shall issue a decision on any such appeal within 45 days after its submission. Such decision may permit the institution to continue to participate in a program under this part if—

- (i) the institution demonstrates to the satisfaction of the Secretary that the Secretary's calculation of its cohort default rate is not accurate, and that recalculation would reduce its cohort default rate for any of the three fiscal years below the threshold percentage specified in subparagraph (B); or
- (ii) there are, in the judgment of the Secretary, exceptional mitigating circumstances that would make the application of this paragraph inequitable.

During such appeal, the Secretary may permit the institution to continue to participate in a program under this part.

(B) For purposes of determinations under subparagraph (A), the threshold percentage is—

- (i) 35 percent for fiscal year 1991 and 1992;
- (ii) 30 percent for fiscal year 1993; and
- (iii) 25 percent for any succeeding fiscal year.

(C) Until July 1, 1998, this paragraph shall not apply to any institution that is—

- (i) a part B institution within the meaning of section 1061(2) of this title;
- (ii) a tribally controlled community college within the meaning of section 1801(a)(4) of title 25; or
- (iii) a Navajo Community College under the Navajo Community College Act [25 U.S.C. 640a et seq.].

**(3) Appeals based upon allegations of improper loan servicing**

An institution that—

(A) is subject to loss of eligibility for the Federal Family Education Loan Program pursuant to paragraph (2)(A) of this subsection;

(B) is subject to loss of eligibility for the Federal Supplemental Loans for Students

pursuant to section 1078-1(a)(2)<sup>1</sup> of this title; or

(C) is an institution whose cohort default rate equals or exceeds 20 percent for the most recent year for which data are available;

may include in its appeal of such loss or rate a defense based on improper loan servicing (in addition to other defenses). In any such appeal, the Secretary shall take whatever steps are necessary to ensure that such institution has access to a representative sample (as determined by the Secretary) of the relevant loan servicing and collection records of the affected guaranty agencies and loan servicers for a reasonable period of time, not to exceed 30 days. The Secretary shall reduce the institution's cohort default rate to reflect the percentage of defaulted loans in the representative sample that are required to be excluded pursuant to subsection (m)(1)(B) of this section.

**(b), (c) Repealed. Pub. L. 102-325, title IV, § 427(b)(1), (c), July 23, 1992, 106 Stat. 549**

**(d) Eligible lender**

**(1) In general**

Except as provided in paragraphs (2) through (6), the term “eligible lender” means—

(A) a National or State chartered bank, a mutual savings bank, a savings and loan association, a stock savings bank, or a credit union which—

(i) is subject to examination and supervision by an agency of the United States or of the State in which its principal place of operation is established, and

(ii) does not have as its primary consumer credit function the making or holding of loans made to students under this part unless (I) it is a bank which is wholly owned by a State, or a bank which is subject to examination and supervision by an agency of the United States, makes student loans as a trustee pursuant to an express trust, operated as a lender under this part prior to January 1, 1975, and which meets the requirements of this provision prior to July 23, 1992, or (II) it is a single wholly owned subsidiary of a bank holding company which does not have as its primary consumer credit function the making or holding of loans made to students under this part;

(B) a pension fund as defined in the Employee Retirement Income Security Act [29 U.S.C. 1001 et seq.];

(C) an insurance company which is subject to examination and supervision by an agency of the United States or a State;

(D) in any State, a single agency of the State or a single nonprofit private agency designated by the State;

(E) an eligible institution which meets the requirements of paragraphs (2) through (5) of this subsection;

(F) for purposes only of purchasing and holding loans made by other lenders under

<sup>1</sup> See References in Text note below.

this part, the Student Loan Marketing Association or an agency of any State functioning as a secondary market;

(G) for purposes of making loans under sections 1078-1(d),<sup>1</sup> 1078-2(d), 1078-3, and 1087-2(q) of this title, the Student Loan Marketing Association;

(H) for purposes of making loans under sections 1078(h) and 1078(j) of this title, a guaranty agency;

(I) a Rural Rehabilitation Corporation, or its successor agency, which has received Federal funds under Public Law 499, Eighty-first Congress (64 Stat. 98 (1950)); and

(J) for purpose of making loans under section 1078-3 of this title, any nonprofit private agency functioning in any State as a secondary market.

**(2) Additional requirements of eligible institutions**

To be an eligible lender under this part, an eligible institution—

(A) shall employ at least one person whose full-time responsibilities are limited to the administration of programs of financial aid for students attending such institution;

(B) shall not be a home study school;

(C) shall make loans to not more than 50 percent of the undergraduate students at the institution;

(D) shall not make a loan, other than a loan to a graduate or professional student, unless the borrower has previously received a loan from the school or has been denied a loan by an eligible lender;

(E) shall not have a cohort default rate (as defined in subsection (m) of this section) greater than 15 percent; and

(F) shall use the proceeds from special allowance payments and interest payments from borrowers for need-based grant programs, except for reasonable reimbursement for direct administrative expenses;

except that the requirements of subparagraphs (C) and (D) shall not apply with respect to loans made, and loan commitments made, after October 17, 1986, and prior to July 1, 1987.

**(3) Disqualification for high default rates**

The term “eligible lender” does not include any eligible institution in any fiscal year immediately after the fiscal year in which the Secretary determines, after notice and opportunity for a hearing, that for each of 2 consecutive years, 15 percent or more of the total amount of such loans as are described in section 1078(a)(1) of this title made by the institution with respect to students at that institution and repayable in each such year, are in default, as defined in subsection (m) of this section.

**(4) Waiver of disqualification**

Whenever the Secretary determines that—

(A) there is reasonable possibility that an eligible institution may, within 1 year after a determination is made under paragraph (3), improve the collection of loans described in section 1078(a)(1) of this title, so that the application of paragraph (3) would be a hardship to that institution, or

(B) the termination of the lender’s status under paragraph (3) would be a hardship to the present or for prospective students of the eligible institution, after considering the management of that institution, the ability of that institution to improve the collection of loans, the opportunities that institution offers to economically disadvantaged students, and other related factors,

the Secretary shall waive the provisions of paragraph (3) with respect to that institution. Any determination required under this paragraph shall be made by the Secretary prior to the termination of an eligible institution as a lender under the exception of paragraph (3). Whenever the Secretary grants a waiver pursuant to this paragraph, the Secretary shall provide technical assistance to the institution concerned in order to improve the collection rate of such loans.

**(5) Disqualification for use of certain incentives**

The term “eligible lender” does not include any lender that the Secretary determines, after notice and opportunity for a hearing, has after October 17, 1986—

(A) offered, directly or indirectly, points, premiums, payments, or other inducements, to any educational institution or individual in order to secure applicants for loans under this part;

(B) conducted unsolicited mailings to students of student loan application forms, except to students who have previously received loans under this part from such lender;

(C) offered, directly or indirectly, loans under this part as an inducement to a prospective borrower to purchase a policy of insurance or other product; or

(D) engaged in fraudulent or misleading advertising.

**(6) Rebate fee requirement**

To be an eligible lender under this part, an eligible lender shall pay rebate fees in accordance with section 1078-3(f) of this title.

**(e) Line of credit**

The term “line of credit” means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

**(f) Due diligence**

The term “due diligence” requires the utilization by a lender, in the servicing and collection of loans insured under this part, of servicing and collection practices at least as extensive and forceful as those generally practiced by financial institutions for the collection of consumer loans.

**(g), (h) Repealed. Pub. L. 102-325, title IV, § 427(f), July 23, 1992, 106 Stat. 550**

**(i) Holder**

The term “holder” means an eligible lender who owns a loan.

**(j) Guaranty agency**

The term “guaranty agency” means any State or nonprofit private institution or organization with which the Secretary has an agreement under section 1078(b) of this title.

**(k) Insurance beneficiary**

The term “insurance beneficiary” means the insured or its authorized representative assigned in accordance with section 1079(d) of this title.

**(l) Default**

Except as provided in subsection (m) of this section, the term “default” includes only such defaults as have existed for (1) 180 days in the case of a loan which is repayable in monthly installments, or (2) 240 days in the case of a loan which is repayable in less frequent installments.

**(m) Cohort default rate****(1) In general**

(A) Except as provided in paragraph (2), the term “cohort default rate” means, for any fiscal year in which 30 or more current and former students at the institution enter repayment on loans under section 1078, 1078-1,<sup>2</sup> or 1078-8 of this title received for attendance at the institution, the percentage of those current and former students who enter repayment on such loans (or on the portion of a loan made under section 1078-3 of this title that is used to repay any such loans) received for attendance at that institution in that fiscal year who default before the end of the following fiscal year. The Secretary shall require that each guaranty agency that has insured loans for current or former students of the institution afford such institution a reasonable opportunity (as specified by the Secretary) to review and correct errors in the information required to be provided to the Secretary by the guaranty agency for the purposes of calculating a cohort default rate for such institution, prior to the calculation of such rate.

(B) In determining the number of students who default before the end of such fiscal year, the Secretary shall include only loans for which the Secretary or a guaranty agency has paid claims for insurance, and, in considering appeals with respect to cohort default rates pursuant to subsection (a)(3) of this section, exclude any loans which, due to improper servicing or collection, would, as demonstrated by the evidence submitted in support of the institution’s timely appeal to the Secretary, result in an inaccurate or incomplete calculation of such cohort default rate.

(C) For any fiscal year in which fewer than 30 of the institution’s current and former students enter repayment, the term “cohort default rate” means the percentage of such current and former students who entered repayment on such loans (or on the portion of a loan made under section 1078-3 of this title that is used to repay any such loans) in any of the three most recent fiscal years, who default before the end of the fiscal year immediately following the year in which they entered repayment.

**(2) Special rules**

(A) In the case of a student who has attended and borrowed at more than one school, the student (and such student’s subsequent repayment or default) is attributed to each school for attendance at which the student received a loan that entered repayment in the fiscal year.

(B) A loan on which a payment is made by the school, such school’s owner, agent, contractor, employee, or any other entity or individual affiliated with such school, in order to avoid default by the borrower, is considered as in default for purposes of this subsection.

(C) Any loan which has been rehabilitated before the end of such following fiscal year is not considered as in default for the purposes of this subsection.

(D) For the purposes of this subsection, a loan made in accordance with section 1078-1<sup>2</sup> of this title (or the portion of a loan made under section 1078-3 of this title that is used to repay a loan made under section 1078-1<sup>2</sup> of this title) shall not be considered to enter repayment until after the borrower has ceased to be enrolled in a course of study leading to a degree or certificate at an eligible institution on at least a half-time basis (as determined by the institution) and ceased to be in a period of forbearance based on such enrollment. Each eligible lender of a loan made under section 1078-1<sup>2</sup> of this title (or a loan made under section 1078-3 of this title a portion of which is used to repay a loan made under section 1078-1<sup>2</sup> of this title) shall provide the guaranty agency with the information necessary to determine when the loan entered repayment for purposes of this subsection, and the guaranty agency shall provide such information to the Secretary.

**(3) Regulations to prevent evasions**

The Secretary shall prescribe regulations designed to prevent an institution from evading the application to that institution of a default rate determination under this subsection through the use of such measures as branching, consolidation, change of ownership or control, or any similar device.

**(4) Collection and reporting of cohort default rates**

(A) The Secretary shall collect data from all insurers under this part and shall publish not less often than once every fiscal year a report showing default data for each category of institution, including (i) 4-year public institutions, (ii) 4-year private institutions, (iii) 2-year public institutions, (iv) 2-year private institutions, (v) 4-year proprietary institutions, (vi) 2-year proprietary institutions, and (vii) less than 2-year proprietary institutions.

(B) The Secretary may designate such additional subcategories within the categories specified in subparagraph (A) as the Secretary deems appropriate.

(C) The Secretary shall publish not less often than once every fiscal year a report showing default data for each institution for which a cohort default rate is calculated under this subsection.

<sup>2</sup> See References in Text note below.

**(n) Repealed. Pub. L. 102-325, title IV, § 427(f), July 23, 1992, 106 Stat. 550**

**(o) Economic hardship**

**(1) In general**

For purposes of this part and part D of this subchapter, a borrower shall be considered to have an economic hardship if—

(A) such borrower is working full-time and is earning an amount which does not exceed the greater of—

(i) the minimum wage rate described in section 206 of title 29; or

(ii) an amount equal to 100 percent of the poverty line for a family of 2 as determined in accordance with section 9902(2) of title 42;

(B) such borrower is working full-time and has a Federal educational debt burden that equals or exceeds 20 percent of such borrower's adjusted gross income, and the difference between such borrower's adjusted gross income minus such burden is less than 220 percent of the greater of—

(i) the annual earnings of an individual earning the minimum wage under section 206 of title 29; or

(ii) the income official poverty line (as defined by the Office of Management and Budget, and revised annually in accordance with section 9902(2) of title 42) applicable to a family of two; or

(C) such borrower meets such other criteria as are established by the Secretary by regulation in accordance with paragraph (2).

**(2) Considerations**

In establishing criteria for purposes of paragraph (1)(C), the Secretary shall consider the borrower's income and debt-to-income ratio as primary factors.

(Pub. L. 89-329, title IV, § 435, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1408; amended Pub. L. 100-50, § 10(aa), June 3, 1987, 101 Stat. 347; Pub. L. 101-239, title II, §§ 2003(a)(2), 2007(a), Dec. 19, 1989, 103 Stat. 2113, 2120; Pub. L. 101-508, title III, § 3004(a), Nov. 5, 1990, 104 Stat. 1388-26; Pub. L. 101-542, title III, § 301, Nov. 8, 1990, 104 Stat. 2387; Pub. L. 102-26, § 2(a)(1), Apr. 9, 1991, 105 Stat. 123; Pub. L. 102-325, title IV, §§ 416(e)(2), 427(a), (b)(1), (c)-(g), July 23, 1992, 106 Stat. 519, 549, 550; Pub. L. 103-66, title IV, §§ 4046(b)(1), 4106(b), Aug. 10, 1993, 107 Stat. 362, 368; Pub. L. 103-208, § 2(c)(55)-(62), Dec. 20, 1993, 107 Stat. 2468, 2469; Pub. L. 103-235, § 1, Apr. 28, 1994, 108 Stat. 381; Pub. L. 103-382, title III, § 357, Oct. 20, 1994, 108 Stat. 3967.)

**REFERENCES IN TEXT**

The Navajo Community College Act, referred to in subsec. (a)(2)(C)(iii), is Pub. L. 92-189, Dec. 15, 1971, 85 Stat. 646, as amended, which is classified to section 640a et seq. of Title 25, Indians. For complete classification of this Act to the Code, see Short Title note set out under section 640a of Title 25 and Tables.

The Employee Retirement Income Security Act, referred to in subsec. (d)(1)(B), probably means the Employee Retirement Income Security Act of 1974, Pub. L. 93-406, Sept. 2, 1974, 88 Stat. 832, as amended, which is classified principally to chapter 18 (§1001 et seq.) of Title 29, Labor. For complete classification of this Act

to the Code, see Short Title note set out under section 1001 of Title 29 and Tables.

Section 1078-1 of this title, referred to in subsecs. (a)(3)(B), (d)(1)(G), and (m)(1)(A), (2)(D), was repealed by Pub. L. 103-66, title IV, § 4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

Public Law 499, Eighty-first Congress (64 Stat. 98 (1950)), referred to in subsec. (d)(1)(I), is act May 3, 1950, ch. 152, 64 Stat. 98, known as the Rural Rehabilitation Corporation Trust Liquidation Act, which was classified to sections 440 to 444 of Title 40, Public Buildings, Property, and Works and as notes set out under section 1001 of Title 7, Agriculture, and section 440 of Title 40, and was omitted from the Code.

**PRIOR PROVISIONS**

A prior section 1085, Pub. L. 89-329, title IV, § 435, Nov. 8, 1965, 79 Stat. 1247; Pub. L. 89-698, title II, § 204, Oct. 29, 1966, 80 Stat. 1072; Pub. L. 90-575, title I, §§ 116(a), 118(a), Oct. 16, 1968, 82 Stat. 1023, 1026; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2130; Pub. L. 95-43, § 1(a)(35), (36), June 15, 1977, 91 Stat. 216; Pub. L. 96-374, title IV, §§ 413(e), 421(e)(2), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1418, 1432, 1503; Pub. L. 99-272, title XVI, § 16017(b)(2), 16020, Apr. 7, 1986, 100 Stat. 347, 349, defined terms used in this part, prior to the general revision of this part by Pub. L. 99-498.

**AMENDMENTS**

1994—Subsec. (a)(2)(C). Pub. L. 103-235 substituted “July 1, 1998” for “July 1, 1994”.

Subsec. (o)(1). Pub. L. 103-382, § 357(1)-(3), struck out “or” at end of subpar. (A), added subpar. (B), and redesignated former subpar. (B) as (C).

Subsec. (o)(2). Pub. L. 103-382, § 357(4), substituted “(1)(C)” for “(1)(B)”.

1993—Subsec. (a)(3). Pub. L. 103-208, § 2(c)(55), added par. (3).

Subsec. (d)(1). Pub. L. 103-66, § 4106(b)(1), in par. (1) substituted “through (6)” for “through (5)” in introductory provisions.

Subsec. (d)(2). Pub. L. 103-208, § 2(c)(57), realigned margins of closing provisions.

Subsec. (d)(2)(D). Pub. L. 103-208, § 2(c)(56), substituted “lender;” for “lender; and”.

Subsec. (d)(3). Pub. L. 103-208, § 2(c)(58), substituted “subsection (m)” for “subsection (o)”.

Subsec. (d)(6). Pub. L. 103-66, § 4106(b)(2), added par. (6).

Subsec. (m)(1). Pub. L. 103-66, § 4046(b)(1)(C), which directed the insertion in par. (1)(D) of “(or the portion of a loan made under section 1078-3 of this title that is used to repay a loan made under such section)” after “section 1078-1 of this title” the first place it appears, and “(or a loan made under section 1078-3 of this title a portion of which is used to repay a loan made under such section)” after “section 1078-1 of this title” the second place it appears, could not be executed because subsec. (m)(1) does not contain a subpar. (D).

Subsec. (m)(1)(A). Pub. L. 103-208, § 2(c)(60)(A), inserted at end “The Secretary shall require that each guaranty agency that has insured loans for current or former students of the institution afford such institution a reasonable opportunity (as specified by the Secretary) to review and correct errors in the information required to be provided to the Secretary by the guaranty agency for the purposes of calculating a cohort default rate for such institution, prior to the calculation of such rate.”

Pub. L. 103-208, § 2(c)(59), substituted “section 1078, 1078-1, or 1078-8” for “section 1078 or 1078-1”.

Pub. L. 103-66, § 4046(b)(1)(A), inserted “(or on the portion of a loan made under section 1078-3 of this title that is used to repay any such loans)” after “on such loans”.

Subsec. (m)(1)(B). Pub. L. 103-208, § 2(c)(60)(B), substituted “and, in considering appeals with respect to

cohort default rates pursuant to subsection (a)(3) of this section, exclude any loans which, due to improper servicing or collection, would, as demonstrated by the evidence submitted in support of the institution's timely appeal to the Secretary, result in an inaccurate or incomplete calculation of such cohort default rate." for "and, in calculating the cohort default rate, exclude any loans which, due to improper servicing or collection, would result in an inaccurate or incomplete calculation of the cohort default rate."

Subsec. (m)(1)(C). Pub. L. 103-66, § 4046(b)(1)(B), inserted "(or on the portion of a loan made under section 1078-3 of this title that is used to repay any such loans)" after "on such loans".

Subsec. (m)(2)(D). Pub. L. 103-208, § 2(c)(61), inserted "(or the portion of a loan made under section 1078-3 of this title that is used to repay a loan made under section 1078-1 of this title)" after "in accordance with section 1078-1 of this title", and "(or a loan made under section 1078-3 of this title a portion of which is used to repay a loan made under section 1078-1 of this title)" after "a loan made under section 1078-1 of this title".

Subsec. (m)(4). Pub. L. 103-208, § 2(c)(62), added par. (4).

1992—Subsec. (a)(1). Pub. L. 102-325, § 427(a)(1), added par. (1) and struck out former par. (1) which read as follows: "Subject to subsection (n) of this section, the term 'eligible institution' means—

"(A) an institution of higher education;

"(B) a vocational school; or

"(C) with respect to students who are nationals of the United States, an institution outside the United States which is comparable to an institution of higher education or to a vocational school and which has been approved by the Secretary for the purpose of this part,

except that such term does not include any such institution or school which employs or uses commissioned salesmen to promote the availability of any loan program described in section 1078(a)(1), 1078-1, or 1078-2 of this title at that institution or school."

Subsec. (a)(2). Pub. L. 102-325, § 427(a)(3), struck out "and" at end of subpar. (B)(i), substituted "fiscal year 1993; and" for "any succeeding fiscal year." in subpar. (B)(ii), and added subpar. (B)(iii).

Pub. L. 102-325, § 427(a)(1), (2), redesignated par. (3) as (2) and struck out former par. (2) which required Secretary to establish criteria for qualifying foreign medical schools as "eligible institutions".

Subsec. (a)(3). Pub. L. 102-325, § 427(a)(2), redesignated par. (3) as (2).

Subsec. (b). Pub. L. 102-325, § 427(b)(1), struck out subsec. (b) which defined "institution of higher education". See section 1088(a) of this title.

Subsec. (c). Pub. L. 102-325, § 427(c), struck out subsec. (c) which defined "vocational school".

Subsec. (d)(1)(A). Pub. L. 102-325, § 427(d)(1), in introductory provisions, struck out "a trust company," after "stock savings bank," and in cl. (ii), inserted at end of subcl. (I) "or a bank which is subject to examination and supervision by an agency of the United States, makes student loans as a trustee pursuant to an express trust, operated as a lender under this part prior to January 1, 1975, and which meets the requirements of this provision prior to July 23, 1992, or" and substituted a semicolon for "or (III) it is a trust company which makes student loans as a trustee pursuant to an express trust and which operated as a lender under this part prior to January 1, 1981;"

Subsec. (d)(2)(E), (F). Pub. L. 102-325, § 427(d)(2), added subpars. (E) and (F).

Subsec. (f). Pub. L. 102-325, § 427(e), inserted "servicing and" before "collection practices".

Subsecs. (g), (h). Pub. L. 102-325, § 427(f), struck out subsec. (g) which defined "temporarily totally disabled" and subsec. (h) which defined "parental leave".

Subsec. (m). Pub. L. 102-325, § 427(g), amended subsec. (m) generally, revising and restating as pars. (1) to (3) provisions formerly contained in a single paragraph.

Subsec. (n). Pub. L. 102-325, § 427(f), struck out subsec. (n) which related to impact of loss of accreditation on

certification or recertification as an eligible institution.

Subsec. (o). Pub. L. 102-325, § 416(e)(2), added subsec. (o).

1991—Subsec. (c)(1). Pub. L. 102-26 substituted "or who are beyond the age of compulsory school attendance in the State in which the institution is located" for "and who have the ability to benefit (as determined by the institution under section 1088(d) of this title) from the training offered by such institution;"

1990—Subsec. (a)(3). Pub. L. 101-508 added par. (3).

Subsec. (l). Pub. L. 101-542, § 301(1), substituted "Except as provided in subsection (m) of this section, the term" for "The term".

Subsec. (m). Pub. L. 101-542, § 301(2), inserted after first sentence "In determining the number of students who default before the end of such fiscal year, the Secretary shall include only loans for which the Secretary or a guaranty agency has paid claims for insurance, and, in calculating the cohort default rate, exclude any loans which, due to improper servicing or collection, would result in an inaccurate or incomplete calculation of the cohort default rate."

1989—Subsec. (a)(1). Pub. L. 101-239, § 2007(a)(1), substituted "Subject to subsection (n) of this section, the term" for "The term".

Subsec. (m). Pub. L. 101-239, § 2003(a)(2), added subsec. (m).

Subsec. (n). Pub. L. 101-239, § 2007(a)(2), added subsec. (n).

1987—Subsec. (b)(3). Pub. L. 100-50, § 10(aa)(1), inserted "or in the case of a hospital or health care facility, which provides training of not less than one year for graduates of accredited health professions programs, leading to a degree or certificate upon completion of such training" before semicolon at end.

Subsec. (d)(1)(J). Pub. L. 100-50, § 10(aa)(2), added subpar. (J).

Subsec. (d)(2). Pub. L. 100-50, § 10(aa)(3), added subpars. (C) and (D) and inserted concluding provision that the requirements of subpars. (C) and (D) not apply with respect to loans made, and loan commitments made, after Oct. 17, 1986, and prior to July 1, 1987.

Subsec. (g)(2). Pub. L. 100-50, § 10(aa)(4), added par. (2) and struck out former par. (2) which read as follows: "Such term when used with respect to the disabled dependent of a single parent borrower means a dependent who, by reason of injury or illness, cannot be expected to be able to attend school or to be gainfully employed during a period of injury or illness of not less than 3 months and who during such period requires continuous nursing or similar services."

Subsec. (h). Pub. L. 100-50, § 10(aa)(5), struck out "Definition of" before "Parental" in heading.

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendments by section 2(c)(55), (60)(B) of Pub. L. 103-208 applicable with respect to determination (and appeals from determinations) of cohort default rates for fiscal year 1989 and any succeeding fiscal year, amendments by section 2(c)(56)–(58), (61) of Pub. L. 103-208 effective, except as otherwise provided, as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, amendment by section 2(c)(59) of Pub. L. 103-208 effective on and after 30 days after Dec. 20, 1993, amendment by section 2(c)(60)(A) of Pub. L. 103-208 effective on and after Oct. 1, 1994, and amendment by section 2(c)(62) effective on and after Dec. 20, 1993, see section 5(a), (b)(2), (3), (7), (8) of Pub. L. 103-208, set out as a note under section 1003 of this title.

Amendment by section 4046(b)(1) of Pub. L. 103-66 effective July 1, 1994, see section 4046(c) of Pub. L. 103-66, set out as a note under section 1078-3 of this title.

#### EFFECTIVE DATE OF 1991 AMENDMENT

Section 2(d)(1) of Pub. L. 102-26 provided that: "The amendments made by this section [amending this section and sections 1078-1, 1088, 1091, 1094, and 1141 of this title] shall apply to any grant, loan, or work assistance

to cover the cost of instruction for periods of enrollment beginning on or after July 1, 1991.”

#### EFFECTIVE DATE OF 1990 AMENDMENT

Section 3004(d) of Pub. L. 101-508 provided that: “The amendments made by this section [amending this section, section 1078 of this title, and provisions set out as a note under section 1078-1 of this title] shall be effective July 1, 1991, except that the amendment made by subsection (b) [amending section 1078 of this title] shall be effective upon enactment.”

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, with subsec. (d)(5) of this section effective 30 days after Oct. 17, 1986, see section 402(b) of Pub. L. 99-498, set out as a note under section 1071 of this title.

#### DEFINITION OF INSTITUTION OF HIGHER EDUCATION

Section 427(b)(2) of Pub. L. 102-325 provided that: “With respect to reference in any other provision of law to the definition of institution of higher education contained in section 435(b) of the Act [former 20 U.S.C. 1085(b)], such provision shall be deemed to refer to section 481(a) of the Act [20 U.S.C. 1088(a)].”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1011a, 1071, 1074, 1075, 1077, 1078, 1078-3, 1078-10, 1080, 1082, 1087-2, 1087c, 1087e, 1087dd, 1099a-3, 2341a, 2394a, 2404 of this title; title 2 section 1602; title 11 section 362; title 25 section 3324.

### § 1086. District of Columbia student loan insurance program

#### (a) Authority

The government of the District of Columbia is authorized (1) to establish a student loan insurance program which meets the requirements of this part for a State loan insurance program in order to enter into agreements with the Secretary for the purposes of this subchapter and part C of subchapter I of chapter 34 of title 42, (2) to enter into such agreements with the Secretary, (3) to use amounts appropriated for the purposes of this section to establish a fund for such purposes and for expenses in connection therewith, and (4) to accept and use donations for the purposes of this section.

#### (b) Binding effect on minors

Notwithstanding the provisions of any applicable law, if the borrower, on any loan insured under the program established pursuant to this section, is a minor, any otherwise valid vote or other written agreement executed by him for the purposes of such loan shall create a binding obligation.

#### (c) Appropriations authorized

There are authorized to be appropriated such amounts as may be necessary for the purposes of this section.

(Pub. L. 89-329, title IV, § 436, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1413.)

#### CODIFICATION

Section is also set out in D.C. Code, § 1-358.

#### PRIOR PROVISIONS

A prior section 1086, Pub. L. 89-329, title IV, § 436, as added Pub. L. 89-752, § 12, Nov. 3, 1966, 80 Stat. 1244; amended Pub. L. 90-575, title I, § 116(b)(5), Oct. 16, 1968, 82 Stat. 1024; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2132; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to a District of Columbia student loan insurance program, prior to the general revision of this part by Pub. L. 99-498.

### § 1087. Repayment by Secretary of loans of bankrupt, deceased, or disabled borrowers; treatment of borrowers attending closed schools or falsely certified as eligible to borrow

#### (a) Repayment in full for death and disability

If a student borrower who has received a loan described in subparagraph (A) or (B) of section 1078(a)(1) of this title dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

#### (b) Payment of claims on loans in bankruptcy

The Secretary shall pay to the holder of a loan described in section 1078(a)(1)(A) or (B), 1078-1,<sup>1</sup> 1078-2, 1078-3, or 1078-8 of this title, the amount of the unpaid balance of principal and interest owed on such loan—

(1) when the borrower files for relief under chapter 12 or 13 of title 11;

(2) when the borrower who has filed for relief under chapter 7 or 11 of such title commences an action for a determination of dischargeability under section 523(a)(8)(B) of such title; or

(3) for loans described in section 523(a)(8)(A) of such title, when the borrower files for relief under chapter 7 or 11 of such title.

#### (c) Discharge

##### (1) In general

If a borrower who received, on or after January 1, 1986, a loan made, insured, or guaranteed under this part and the student borrower, or the student on whose behalf a parent borrowed, is unable to complete the program in which such student is enrolled due to the closure of the institution or if such student's eligibility to borrow under this part was falsely certified by the eligible institution, then the Secretary shall discharge the borrower's liability on the loan (including interest and collection fees) by repaying the amount owed on the loan and shall subsequently pursue any claim available to such borrower against the institution and its affiliates and principals or settle the loan obligation pursuant to the financial responsibility authority under subpart 3 of part G of this subchapter.

##### (2) Assignment

A borrower whose loan has been discharged pursuant to this subsection shall be deemed to have assigned to the United States the right to a loan refund up to the amount discharged against the institution and its affiliates and principals.

<sup>1</sup> See References in Text note below.



**(3) Eligibility for additional assistance**

The period of a student's attendance at an institution at which the student was unable to complete a course of study due to the closing of the institution shall not be considered for purposes of calculating the student's period of eligibility for additional assistance under this subchapter and part C of subchapter I of chapter 34 of title 42.

**(4) Special rule**

A borrower whose loan has been discharged pursuant to this subsection shall not be precluded from receiving additional grants, loans, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 for which the borrower would be otherwise eligible (but for the default on such discharged loan). The amount discharged under this subsection shall be treated the same as loans under section 1087ee(a)(5) of this title.

**(5) Reporting**

The Secretary shall report to credit bureaus with respect to loans which have been discharged pursuant to this subsection.

**(d) Repayment of loans to parents**

If a student on whose behalf a parent has received a loan described in section 1078-2 of this title dies, then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

(Pub. L. 89-329, title IV, § 437, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat. 1414; amended Pub. L. 102-325, title IV, § 428, July 23, 1992, 106 Stat. 551; Pub. L. 103-208, § 2(c)(63)-(65), Dec. 20, 1993, 107 Stat. 2469.)

## REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsec. (b), was repealed by Pub. L. 103-66, title IV, § 4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

## PRIOR PROVISIONS

A prior section 1087, Pub. L. 89-329, title IV, § 437, as added Pub. L. 90-575, title I, § 113(a), Oct. 16, 1968, 82 Stat. 1020; amended Pub. L. 92-318, title I, § 132D(a), June 23, 1972, 86 Stat. 263; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2133; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to repayment of loans by Secretary, prior to the general revision of this part by Pub. L. 99-498.

## AMENDMENTS

1993—Subsec. (b). Pub. L. 103-208, § 2(c)(63), amended heading and text of subsec. (b) generally. Prior to amendment, text read as follows: "If the collection of a loan described in subparagraph (A) or (B) of section 1078(a)(1) of this title or sections 1078-1, 1078-2, 1078-3, or 1078-8 of this title is stayed in any action under title 11, the Secretary shall repay the unpaid balance of principal and interest owed on the loan."

Subsec. (c)(1). Pub. L. 103-208, § 2(c)(64), substituted "If a borrower" for "If a student borrower", "under this part and the student borrower, or the student on whose behalf a parent borrowed, is unable" for "under this part is unable", and "in which such student is enrolled" for "in which the borrower is enrolled".

Subsec. (c)(4). Pub. L. 103-208, § 2(c)(65), inserted at end "The amount discharged under this subsection shall be treated the same as loans under section 1087ee(a)(5) of this title."

1992—Pub. L. 102-325 amended section generally, substituting subsecs. (a) to (d) for former subsecs. (a) and (b) which related to repayment by Secretary of loans of bankrupt, deceased, or disabled borrowers.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1071, 1075, 1077, 1078, 1080a, 1092b, 1099c of this title.

**§ 1087-0. Debt management options****(a) Program authority**

For the purpose of offering additional debt management options, the Secretary is authorized, to the extent of funds appropriated—

(1) to acquire from eligible holders the notes of borrowers under this part (other than section 1078-2 of this title) who are considered to be at high risk of default and who submit a request to the Secretary for an alternative repayment option;

(2) to offer such borrowers one or more alternative repayment options, which may include graduated or extended repayment and which shall, subject to subsection (b)(2) of this section, include an income contingent repayment option established in accordance with subsection (b) of this section; and

(3) to enter into contracts or other agreements with private firms or other agencies of the Government as necessary to carry out the purposes of this section.

**(b) Income contingent repayment option****(1) Regulations**

For the purposes of subsection (a)(2) of this section, the Secretary shall, by regulation, establish the terms and conditions for an income contingent repayment option. Such regulations shall specify the schedules under which income will be assessed for repayment of loans, shall permit the discharge of the remaining obligation on the loan not later than 25 years after the commencement of income contingent repayment, and may provide for the potential collection of amounts in excess of the principal and interest owed on the original loan or loans.

**(2) Collection mechanism determination required**

Such regulations shall not be effective unless the Secretary publishes a finding that—

(A) the Secretary has, pursuant to subsection (a)(3) of this section, established a collection mechanism that will provide a high degree of certainty that collections will be made in accordance with the repayment option established under paragraph (1); and

(B) the use of such repayment option and collection mechanism will result in an increase in the net amount the Government will collect.

**(c) Determinations of high risk of default**

In making determinations under subsection (a)(1) of this section, the Secretary shall—

(1) consider the ratio of part B debt repayment to income; or

(2) establish, by regulation, such other indicators of high risk as the Secretary considers appropriate.

**(d) Loan limitation**

Not more than \$200,000,000 may be used to acquire loans under this section in any fiscal year.

(Pub. L. 89-329, title IV, §437A, as added Pub. L. 102-325, title IV, §429, July 23, 1992, 106 Stat. 552; amended Pub. L. 103-208, §2(c)(66)-(68), Dec. 20, 1993, 107 Stat. 2469.)

REFERENCES IN TEXT

Part B, referred to in subsec. (c)(1), means part B (§1071 et seq.) of this subchapter.

AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208, §2(c)(66), struck out “under subsection (d) of this section” after “appropriated” in introductory provisions.

Subsec. (c)(2). Pub. L. 103-208, §2(c)(67), inserted a period at end.

Subsec. (e). Pub. L. 103-208, §2(c)(68), struck out heading and text of subsec. (e). Text read as follows: “There are authorized to be appropriated to carry out this section such sums as may be necessary for fiscal year 1994 and for each of the 4 succeeding fiscal years.”

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**§ 1087-1. Special allowances**

**(a) Findings**

In order to assure (1) that the limitation on interest payments or other conditions (or both) on loans made or insured under this part, do not impede or threaten to impede the carrying out of the purposes of this part or do not cause the return to holders of loans to be less than equitable, (2) that incentive payments on such loans are paid promptly to eligible lenders, and (3) that appropriate consideration of relative administrative costs and money market conditions is made in setting the quarterly rate of such payments, the Congress finds it necessary to establish an improved method for the determination of the quarterly rate of the special allowances on such loans, and to provide for a thorough, expeditious, and objective examination of alternative methods for the determination of the quarterly rate of such allowances.

**(b) Computation and payment**

**(1) Quarterly payment based on unpaid balance**

A special allowance shall be paid for each of the 3-month periods ending March 31, June 30, September 30, and December 31 of every year and the amount of such allowance paid to any holder with respect to any 3-month period shall be a percentage of the average unpaid balance of principal (not including unearned interest added to principal) of all eligible loans held by such holder during such period.

**(2) Rate of special allowance**

(A) Subject to subparagraphs (B), (C), (D), (E), and (F) and paragraph (4), the special al-

lowance paid pursuant to this subsection on loans shall be computed (i) by determining the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period, (ii) by subtracting the applicable interest rate on such loans from such average, (iii) by adding 3.10 percent to the resultant percent, and (iv) by dividing the resultant percent by 4. If such computation produces a number less than zero, such loans shall be subject to section 1077a(f) of this title.

(B)(i) The quarterly rate of the special allowance for holders of loans which were made or purchased with funds obtained by the holder from the issuance of obligations, the income from which is exempt from taxation under title 26 shall be one-half the quarterly rate of the special allowance established under subparagraph (A), except that, in determining the rate for the purpose of this division, subparagraph (A)(iii) shall be applied by substituting “3.5 percent” for “3.10 percent”. Such rate shall also apply to holders of loans which were made or purchased with funds obtained by the holder from collections or default reimbursements on, or interests or other income pertaining to, eligible loans made or purchased with funds described in the preceding sentence of this subparagraph or from income on the investment of such funds. This subparagraph shall not apply to loans which were made or insured prior to October 1, 1980.

(ii) The quarterly rate of the special allowance set under division (i) of this subparagraph shall not be less than 9.5 percent minus the applicable interest rate on such loans, divided by 4.

(iii) No special allowance may be paid under this subparagraph unless the issuer of such obligations complies with subsection (d) of this section.

(iv) Notwithstanding clauses (i) and (ii), the quarterly rate of the special allowance for holders of loans which are financed with funds obtained by the holder from the issuance of obligations originally issued on or after October 1, 1993, the income from which is excluded from gross income under title 26, shall be the quarterly rate of the special allowance established under subparagraph (A), (E), or (F), as the case may be. Such rate shall also apply to holders of loans which were made or purchased with funds obtained by the holder from collections or default reimbursements on, or interest or other income pertaining to, eligible loans made or purchased with funds described in the preceding sentence of this subparagraph or from income on the investment of such funds.

(C)(i) In the case of loans made before October 1, 1992, pursuant to section 1078-1<sup>1</sup> or 1078-2 of this title for which the interest rate is determined under section 1077a(c)(4) of this title, a special allowance shall not be paid unless the rate determined for any 12-month period under subparagraph (B) of such section exceeds 12 percent.

(ii) In the case of loans disbursed on or after October 1, 1992, pursuant to section 1078-1<sup>1</sup> or

<sup>1</sup> See References in Text note below.

1078-2 of this title for which the interest rate is determined under section 1077a(c)(4) of this title, a special allowance shall not be paid unless the rate determined for any 12-month period under section 1077a(c)(4)(B) of this title exceeds—

(I) 11 percent in the case of a loan under section 1078-1<sup>1</sup> of this title; or

(II) 10 percent in the case of a loan under section 1078-2 of this title.

(D)(i) In the case of loans made or purchased directly from funds loaned or advanced pursuant to a qualified State obligation, subparagraph (A)(iii) shall be applied by substituting “3.5 percent” for “3.10 percent”.

(ii) For the purpose of division (i) of this subparagraph, the term “qualified State obligation” means—

(I) an obligation of the Maine Educational Loan Marketing Corporation to the Student Loan Marketing Association pursuant to an agreement entered into on January 31, 1984; or

(II) an obligation of the South Carolina Student Loan Corporation to the South Carolina National Bank pursuant to an agreement entered into on July 30, 1986.

(E) In the case of any loan for which the applicable rate of interest is described in section 1077a(g)(2) of this title, subparagraph (A)(iii) shall be applied by substituting “2.5 percent” for “3.10 percent”.

(F) Subject to paragraph (4), the special allowance paid pursuant to this subsection on loans for which the applicable rate of interest is determined under section 1077a(h) of this title shall be computed (i) by determining the applicable bond equivalent rate of the security with a comparable maturity, as established by the Secretary, (ii) by subtracting the applicable interest rates on such loans from such applicable bond equivalent rate, (iii) by adding 1.0 percent to the resultant percent, and (iv) by dividing the resultant percent by 4. If such computation produces a number less than zero, such loans shall be subject to section 1077a(f) of this title.

### **(3) Contractual right of holders to special allowance**

The holder of an eligible loan shall be deemed to have a contractual right against the United States, during the life of such loan, to receive the special allowance according to the provisions of this section. The special allowance determined for any such 3-month period shall be paid promptly after the close of such period, and without administrative delay after receipt of an accurate and complete request for payment, pursuant to procedures established by regulations promulgated under this section.

### **(4) Penalty for late payment**

(A) If payments of the special allowances payable under this section or of interest payments under section 1078(a) of this title with respect to a loan have not been made within 30 days after the Secretary has received an accurate, timely, and complete request for payment thereof, the special allowance payable to

such holder shall be increased by an amount equal to the daily interest accruing on the special allowance and interest benefits payments due the holder.

(B) Such daily interest shall be computed at the daily equivalent rate of the sum of the special allowance rate computed pursuant to paragraph (2) and the interest rate applicable to the loan and shall be paid for the later of (i) the 31st day after the receipt of such request for payment from the holder, or (ii) the 31st day after the final day of the period or periods covered by such request, and shall be paid for each succeeding day until, and including, the date on which the Secretary authorizes payment.

(C) For purposes of reporting to the Congress the amounts of special allowances paid under this section, amounts of special allowances paid pursuant to this paragraph shall be segregated and reported separately.

### **(5) “Eligible loan” defined**

As used in this section, the term “eligible loan” means a loan—

(A)(i) on which a portion of the interest is paid on behalf of the student and for the student’s account to the holder of the loan under section 1078(a) of this title;

(ii) which is made under section 1078-1,<sup>2</sup> 1078-2, 1078-3, 1078-8, or 1087-2(o) of this title; or

(iii) which was made prior to October 1, 1981; and

(B) which is insured under this part, or made under a program covered by an agreement under section 1078(b) of this title.

As used in this section, the term “eligible loan” includes all loans subject to section 1078-9 of this title.

### **(6) Regulation of time and manner of payment**

The Secretary shall pay the holder of an eligible loan, at such time or times as are specified in regulations, a special allowance prescribed pursuant to this subsection subject to the condition that such holder shall submit to the Secretary, at such time or times and in such a manner as the Secretary may deem proper, such information as may be required by regulation for the purpose of enabling the Secretary to carry out his functions under this section and to carry out the purposes of this section.

### **(7) Use of average quarterly balance**

The Secretary shall permit lenders to calculate interest benefits and special allowance through the use of the average quarterly balance method until July 1, 1988.

### **(c) Origination fees from students**

#### **(1) Deduction from interest and special allowance subsidies**

Notwithstanding subsection (b) of this section, the total amount of interest and special allowance payable under section 1078(a)(3)(A) of this title and subsection (b) of this section, respectively, to any holder shall be reduced by

<sup>2</sup> See References in Text note below.

the Secretary by the amount which the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection. If the total amount of interest and special allowance payable under section 1078(a)(3)(A) of this title and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.

**(2) Amount of origination fees**

Subject to paragraph (6) of this subsection, with respect to any loan (other than loans made under sections 1078-3 and 1087-2(o) of this title) for which a completed note or other written evidence of the loan was sent or delivered to the borrower for signing on or after 10 days after August 13, 1981, each eligible lender under this part is authorized to charge the borrower an origination fee in an amount not to exceed 3.0 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payment to the borrower.

**(3) Relation to applicable interest**

Such origination fee shall not be taken into account for purposes of determining compliance with section 1077a of this title.

**(4) Disclosure required**

The lender shall disclose to the borrower the amount and method of calculating the origination fee.

**(5) Prohibition on department compelling origination fee collections by lenders**

Nothing in this subsection shall be construed to permit the Secretary to require any lender that is making loans that are insured or guaranteed under this part, but for which no amount will be payable for interest under section 1078(a)(3)(A) of this title or for special allowances under subsection (b) of this section, to collect any origination fee or to submit the sums collected as origination fees to the United States. The Secretary shall, not later than January 1, 1987, return to any such lender any such sums collected before October 17, 1986, together with interest thereon.

**(6) SLS and PLUS loans**

With respect to any loans made under section 1078-1<sup>3</sup> or 1078-2 of this title on or after October 1, 1992, each eligible lender under this part shall charge the borrower an origination fee of 3.0 percent of the principal amount of the loan, to be deducted proportionately from each installment payment of the proceeds of the loan prior to payments to the borrower.

**(7) Distribution of origination fees**

All origination fees collected pursuant to this section on loans authorized under section 1078-1<sup>3</sup> or 1078-2 of this title shall be paid to the Secretary by the lender and deposited in the fund authorized under section 1081 of this title.

**(d) Loan fees from lenders**

**(1) Deduction from interest and special allowance subsidies**

Notwithstanding subsection (b) of this section, the Secretary shall reduce the total amount of interest and special allowance payable under section 1078(a)(3)(A) of this title and subsection (b) of this section, respectively, to any holder of a loan by a loan fee in an amount determined in accordance with paragraph (2) of this subsection. If the total amount of interest and special allowance payable under section 1078(a)(3)(A) of this title and subsection (b) of this section, respectively, is less than the amount of such loan fee, then the Secretary shall deduct such excess amount from subsequent quarters' payments until the total amount has been deducted.

**(2) Amount of loan fees**

With respect to any loan under this part for which the first disbursement was made on or after October 1, 1993, the amount of the loan fee which shall be deducted under paragraph (1) shall be equal to 0.50 percent of the principal amount of the loan.

**(3) Distribution of loan fees**

The Secretary shall deposit all fees collected pursuant to paragraph (3) into the insurance fund established in section 1081 of this title.

**(e) Lending from proceeds of tax exempt obligations**

**(1) Plan for doing business required**

In order for the holders of loans any portion of which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under title 26, to be eligible to receive a special allowance under subsection (b)(2) of this section, the Authority shall submit to the Governor of the State, and to the guaranty agency determined by the Secretary to be the principal guaranty agency for the State, a plan for doing business. The Governor shall, after consultation with the guaranty agency, approve or disapprove the plan within 30 days of the receipt of the proposed plan from the Authority. Such plan shall also be transmitted to the Secretary within 60 days after approval.

**(2) Contents of plan**

Each such plan shall contain provisions designed to assure that—

(A) no eligible lender in the area served by the Authority will be excluded from participation in the program of the Authority and all eligible lenders may participate in the program on the same terms and conditions if eligible lenders are going to participate in the program;

(B) no director or staff member of the Authority who receives compensation from the Authority may own stock in, or receive compensation from, any agency that would contract to service and collect the loans of the Authority;

(C) student loans will not be purchased from participating lenders at a premium

<sup>3</sup> See References in Text note below.

amounting to more than 1 percent of the unpaid principal amount borrowed plus accrued interest to the date of acquisition, but a reasonable loan transfer fee may be paid by the purchaser;

(D) the Authority will, within the limit of funds available and subject to the applicable State and Federal law, make loans to, or purchase loans incurred by, all eligible students who are residents of, or who attend an eligible institution within, the area served by the Authority;

(E) the Authority has a plan under which the Authority will pursue the development of new lender participation in a continuing program of benefits to students together with assurances of existing lender commitments to the program; and

(F) there will be an annual audit of the Authority by a certified public accounting firm which will include review of compliance by the Authority with the provisions of the plan.

### (3) Nondiscrimination

In order for the holders of loans which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under title 26, to be eligible to receive a special allowance under subsection (b)(2) of this section on any such loans, the Authority shall not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the Authority, length of the borrower's educational program, or the borrower's academic year in school.

### (4) Report by the Secretary

The Secretary shall, no later than September 30, 1988, and each succeeding September 30th, submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate specifying—

(A) the amount of student loan credit provided through the use of tax-exempt obligations for the most recent fiscal year;

(B) an assessment of the impact of the availability of such financing on the availability of student credit in the areas served by the authorities issuing such obligations;

(C) an assessment of the need for additional tax-exempt financing for student credit for the next fiscal year; and

(D) any other information determined by the Secretary to be relevant to the purposes of the report.

### (f) Regulations to prevent denial of loans to eligible students

The Secretary shall adopt or amend appropriate regulations pertaining to programs carried out under this part to prevent, where practicable, any practices which the Secretary finds have denied loans to a substantial number of eligible students.

(Pub. L. 89-329, title IV, § 438, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat.

1414; amended Pub. L. 100-50, § 10(d)(2), (bb), (cc), June 3, 1987, 101 Stat. 342, 347; Pub. L. 100-369, § 7(c), July 18, 1988, 102 Stat. 837; Pub. L. 102-325, title IV, § 430, July 23, 1992, 106 Stat. 553; Pub. L. 103-66, title IV, §§ 4102(a), 4103, 4105, 4111, Aug. 10, 1993, 107 Stat. 366, 367, 368, 370.)

#### REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsecs. (b)(2)(C), (5)(A)(ii) and (c)(6), (7), was repealed by Pub. L. 103-66, title IV, § 4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

#### PRIOR PROVISIONS

A prior section 1087-1, Pub. L. 89-329, title IV, § 438, as added Pub. L. 92-318, title I, § 132E(a), June 23, 1972, 86 Stat. 264; amended Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2133; Pub. L. 95-43, § 1(a)(37), June 15, 1977, 91 Stat. 216; Pub. L. 96-49, § 5(c)(1), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title IV, § 420(a), 451(d), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1425, 1458, 1503; Pub. L. 97-35, title V, §§ 532(b)(4), 534(b), 536(a), Aug. 13, 1981, 95 Stat. 452, 454, 455; Pub. L. 98-79, § 7(a), (c), Aug. 15, 1983, 97 Stat. 482, 483; Pub. L. 99-272, title XVI, §§ 16013(d), 16017(b)(3), (c), Apr. 7, 1986, 100 Stat. 340, 347, related to special allowances, prior to the general revision of this part by Pub. L. 99-498.

A prior section 1087-1a, Pub. L. 96-374, title IV, § 420(b), Oct. 3, 1980, 94 Stat. 1427, related to eligibility for special allowances covering loans made or purchased with funds obtained from Authorities issuing tax exempt obligations, and established requirement relating to plans for doing business, prior to repeal by Pub. L. 98-79, § 7(b), Aug. 15, 1983, 97 Stat. 483. See section 1087-1(d) of this title.

#### AMENDMENTS

1993—Subsec. (b)(2)(A). Pub. L. 103-66, § 4111(1), substituted “subparagraphs (B), (C), (D), (E), and (F)” for “subparagraphs (B), (C), and (D)” and “section 1077a(f)” for “section 1077a(e)”.

Subsec. (b)(2)(B)(iv). Pub. L. 103-66, § 4105, added cl. (iv).

Subsec. (b)(2)(E), (F). Pub. L. 103-66, § 4111(2), added subpars. (E) and (F).

Subsec. (c). Pub. L. 103-66, § 4102(a)(1), inserted “from students” after “origination fees” in heading.

Subsec. (c)(2). Pub. L. 103-66, § 4102(a)(2)(A), substituted “sections 1078-3 and 1087-2(o)” for “sections 1078-1, 1078-2, 1078-3, and 1087-2(o)” and “3.0 percent” for “5 percent”.

Subsec. (c)(6). Pub. L. 103-66, § 4102(a)(2)(B), substituted “3.0 percent” for “5 percent”.

Subsecs. (d) to (f). Pub. L. 103-66, § 4103, added subsec. (d) and redesignated former subsecs. (d) and (e) as (e) and (f), respectively.

1992—Subsec. (b)(2)(A). Pub. L. 102-325, § 430(a)(1), (2), substituted “3.10” for “3.25” and inserted at end “If such computation produces a number less than zero, such loans shall be subject to section 1077a(e) of this title.”

Subsec. (b)(2)(B)(i). Pub. L. 102-325, § 430(a)(3), substituted “3.10” for “3.25”.

Subsec. (b)(2)(B)(ii). Pub. L. 102-325, § 430(a)(4), added cl. (ii) and struck out former cl. (ii) which read as follows: “The rate set under division (i) shall not be less than (I) 2.5 percent per year in the case of loans for which the applicable interest rate is 7 percent per year, (II) 1.5 percent per year in the case of loans for which the applicable interest rate is 8 percent per year, or (III) 0.5 percent in the case of loans for which the applicable rate is 9 percent per year.”

Subsec. (b)(2)(C). Pub. L. 102-325, § 430(a)(5), designated existing provision as cl. (i), inserted “before October 1, 1992,” after “made”, and added cl. (ii).

Subsec. (b)(2)(D)(i). Pub. L. 102-325, § 430(a)(6), substituted “3.10” for “3.25”.

Subsec. (b)(5). Pub. L. 102-325, § 430(c), inserted closing provision which defined “eligible loan” as used in this section to include all loans subject to section 1078-9 of this title.

Subsec. (b)(5)(A)(ii). Pub. L. 102-325, § 430(b), inserted “1078-8,” after “1078-3.”

Subsec. (c)(2). Pub. L. 102-325, § 430(d)(1), substituted “Subject to paragraph (6) of this subsection, with” for “With”.

Subsec. (c)(6), (7). Pub. L. 102-325, § 430(d)(2), added pars. (6) and (7).

Subsec. (d)(2)(C). Pub. L. 102-325, § 430(e), struck out “or discount” after “premium”.

1988—Subsecs. (b)(2)(B)(i), (d)(1), (3). Pub. L. 100-369 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

1987—Subsec. (b)(2)(B)(iii). Pub. L. 100-50, § 10(bb)(1), substituted “subsection (d) of this section” for “subsection (c) of this section”.

Subsec. (b)(2)(C). Pub. L. 100-50, § 10(d)(2), substituted “12 percent” for “12.5 percent”.

Subsec. (b)(7). Pub. L. 100-50, § 10(bb)(2), added par. (7).

Subsec. (d)(4)(C). Pub. L. 100-50, § 10(cc), struck out “, as evidenced by the information submitted under paragraph (2)(G) of this subsection” after “fiscal year”.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by section 4102(a) of Pub. L. 103-66 effective July 1, 1994, see section 4102(d) of Pub. L. 103-66, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to loans for which first disbursement is made on or after Oct. 1, 1992, see section 432(a)(13) of Pub. L. 102-325, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, with subsec. (b) of this section effective with respect to loans disbursed on or after 30 days after Oct. 17, 1986, or made to cover the costs of instruction for periods of enrollment beginning on or after 30 days after Oct. 17, 1986, and subsec. (d) of this section effective 30 days after Oct. 17, 1986, see section 402(b) of Pub. L. 99-498, set out as a note under section 1071 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1078, 1078-3, 1078-8, 1082 of this title; title 2 section 906; title 26 sections 144, 148; title 42 section 292e.

### § 1087-2. Student Loan Marketing Association

#### (a) Purpose

The Congress hereby declares that it is the purpose of this section (1) to establish a private corporation which will be financed by private capital and which will serve as a secondary market and warehousing facility for student loans, including loans which are insured by the Secretary under this part or by a guaranty agency,

and which will provide liquidity for student loan investments; (2) in order to facilitate secured transactions involving student loans, to provide for perfection of security interests in student loans either through the taking of possession or by notice filing; and (3) to assure nationwide the establishment of adequate loan insurance programs for students, to provide for an additional program of loan insurance to be covered by agreements with the Secretary.

#### (b) Establishment

##### (1) In general

There is hereby created a body corporate to be known as the Student Loan Marketing Association (hereinafter referred to as the “Association”). The Association shall have succession until dissolved. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue and jurisdiction in civil actions, to be a resident and citizen thereof. Offices may be established by the Association in such other place or places as it may deem necessary or appropriate for the conduct of its business.

##### (2) Exemption from State and local taxes

The Association, including its franchise, capital, reserves, surplus, mortgages, or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by any State, territory, possession, Commonwealth, or dependency of the United States, or by the District of Columbia, or by any county, municipality, or local taxing authority, except that any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

##### (3) Appropriations authorized for establishment

There is hereby authorized to be appropriated to the Secretary \$5,000,000 for making advances for the purpose of helping to establish the Association. Such advances shall be repaid within such period as the Secretary may deem to be appropriate in light of the maturity and solvency of the Association. Such advances shall bear interest at a rate not less than (A) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining period to maturity comparable to the maturity of such advances, adjusted to the nearest one-eighth of 1 percent, plus (B) an allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses. Repayments of such advances shall be deposited into miscellaneous receipts of the Treasury.

#### (c) Board of Directors

##### (1) Composition of Board; Chairman

(A) The Association shall have a Board of Directors which shall consist of 21 persons, 7 of whom shall be appointed by the President and shall be representative of the general public. The remaining 14 directors shall be elected by the common stockholders of the Association

entitled to vote pursuant to subsection (f) of this section. Commencing with the annual shareholders meeting to be held in 1993—

- (i) 7 of the elected directors shall be affiliated with an eligible institution; and
- (ii) 7 of the elected directors shall be affiliated with an eligible lender.

(B) The President shall designate 1 of the directors to serve as Chairman.

**(2) Terms of appointed and elected members**

The directors appointed by the President shall serve at the pleasure of the President and until their successors have been appointed and have qualified. The remaining directors shall each be elected for a term ending on the date of the next annual meeting of the common stockholders of the Association, and shall serve until their successors have been elected and have qualified. Any appointive seat on the Board which becomes vacant shall be filled by appointment of the President. Any elective seat on the Board which becomes vacant after the annual election of the directors shall be filled by the Board, but only for the unexpired portion of the term.

**(3) Affiliated members**

For the purpose of this subsection, the references to a director “affiliated with the eligible institution” or a director “affiliated with an eligible lender” means an individual who is, or within 5 years of election to the Board has been, an employee, officer, director, or similar official of—

- (A) an eligible institution or an eligible lender;
- (B) an association whose members consist primarily of eligible institutions or eligible lenders; or
- (C) a State agency, authority, instrumentality, commission, or similar institution, the primary purpose of which relates to educational matters or banking matters.

**(4) Meetings and functions of the Board**

The Board of Directors shall meet at the call of its Chairman, but at least semiannually. The Board shall determine the general policies which shall govern the operations of the Association. The Chairman of the Board shall, with the approval of the Board, select, appoint, and compensate qualified persons to fill the offices as may be provided for in the bylaws, with such functions, powers, and duties as may be prescribed by the bylaws or by the Board of Directors, and such persons shall be the officers of the Association and shall discharge all such functions, powers, and duties.

**(d) Authority of Association**

**(1) In general**

The Association is authorized, subject to the provisions of this section—

- (A) pursuant to commitments or otherwise to make advances on the security of, purchase, or repurchase, service, sell or resell, offer participations, or pooled interests or otherwise deal in, at prices and on terms and conditions determined by the Association, student loans which are insured by the Secretary under this part or by a guaranty agency;

(B) to buy, sell, hold, underwrite, and otherwise deal in obligations, if such obligations are issued, for the purpose of making or purchasing insured loans, by a guaranty agency or by an eligible lender in a State described in section 1085(d)(1)(D) or (F) of this title;

(C) to buy, sell, hold, insure, underwrite, and otherwise deal in obligations issued for the purpose of financing or refinancing the construction, reconstruction, renovation, improvement, or purchase at institutions of higher education of any of the following facilities (including the underlying property) and materials (including related equipment, instrumentation, and furnishings) at an eligible institution of higher education:

- (i) educational and training facilities;
- (ii) housing for students and faculties, dining halls, student unions, and facilities specifically designed to promote fitness and health for students, faculty, and staff or for physical education courses; and
- (iii) library facilities, including the acquisition of library materials at institutions of higher education;

except that not more than 30 percent of the value of transactions entered into under this subparagraph shall involve transactions of the types described in clause (ii);

(D) to undertake a program of loan insurance pursuant to agreements with the Secretary under section 1078 of this title, and except with respect to loans under subsection (o) of this section or under section 1078-3 of this title, the Secretary may enter into an agreement with the Association for such purpose only if the Secretary determines that (i) eligible borrowers are seeking and unable to obtain loans under this part, and (ii) no guaranty agency is capable of or willing to provide a program of loan insurance for such borrowers; and

(E) to undertake any other activity which the Board of Directors of the Association determines to be in furtherance of the programs of insured student loans authorized under this part or will otherwise support the credit needs of students, except that—

- (i) in carrying out all such activities the purpose shall always be to provide secondary market and other support for lending programs offered by other organizations and not to replace or compete with such other programs;
- (ii) nothing in this subparagraph (E) shall be deemed to authorize the Association to acquire, own, operate, or control any bank, savings and loan association, savings bank or credit union; and

(iii) not later than 30 days prior to the initial implementation of a program undertaken pursuant to this subparagraph (E), the Association shall advise the Chairman and the Ranking Member on the Committee on Labor and Human Resources of the Senate and the Chairman and the Ranking Member of the Committee on Education and Labor of the House of Representatives in writing of its plans to offer such program and shall provide informa-

tion relating to the general terms and conditions of such program.

The Association is further authorized to undertake any activity with regard to student loans which are not insured or guaranteed as provided for in this subsection as it may undertake with regard to insured or guaranteed student loans. Any warehousing advance made on the security of such loans shall be subject to the provisions of paragraph (3) of this subsection to the same extent as a warehousing advance made on the security of insured loans.

**(2) Warehousing advances**

Any warehousing advance made under paragraph (1)(A) of this subsection shall be made on the security of (A) insured loans, (B) marketable obligations and securities issued, guaranteed, or insured by, the United States, or for which the full faith and credit of the United States is pledged for the repayment of principal and interest thereof, or (C) marketable obligations issued, guaranteed, or insured by any agency, instrumentality, or corporation of the United States for which the credit of such agency, instrumentality, or corporation is pledged for the repayment of principal and interest thereof, in an amount equal to the amount of such advance. The proceeds of any such advance secured by insured loans shall either be invested in additional insured loans or the lender shall provide assurances to the Association that during the period of the borrowing it will maintain a level of insured loans in its portfolio not less than the aggregate outstanding balance of such loans held at the time of the borrowing. The proceeds from any such advance secured by collateral described in clauses (B) and (C) shall be invested in additional insured student loans.

**(3) Perfection of security interests in student loans**

Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in insured student loans created on behalf of the Association or any eligible lender as defined in section 1085(a) of this title may be perfected either through the taking of possession of such loans or by the filing of notice of such security interest in such loans in the manner provided by such State law for perfection of security interests in accounts.

**(4) Form of securities**

Securities issued pursuant to the offering of participations or pooled interests under paragraph (1) of this subsection may be in the form of debt obligations, or trust certificates of beneficial ownership, or both. Student loans set aside pursuant to the offering of participations or pooled interests shall at all times be adequate to ensure the timely principal and interest payments on such securities.

**(5) Restrictions on facilities and housing activities**

Not less than 75 percent of the aggregate dollar amount of obligations bought, sold, held, insured, underwritten, and otherwise

supported in accordance with the authority contained in paragraph (1)(C) shall be obligations which are listed by a nationally recognized statistical rating organization at a rating below the second highest rating of such organization.

**(e) Advances to lenders that do not discriminate**

The Association, pursuant to such criteria as the Board of Directors may prescribe, shall make advances on security or purchase student loans pursuant to subsection (d) of this section only after the Association is assured that the lender (1) does not discriminate by pattern or practice against any particular class or category of students by requiring that, as a condition to the receipt of a loan, the student or his family maintain a business relationship with the lender, except that this clause shall not apply in the case of a loan made by a credit union, savings and loan association, mutual savings bank, institution of higher education, or any other lender with less than \$75,000,000 in deposits, and (2) does not discriminate on the basis of race, sex, color, creed, or national origin.

**(f) Stock of the Association**

**(1) Voting common stock**

The Association shall have voting common stock having such par value as may be fixed by its Board of Directors from time to time. Each share of voting common stock shall be entitled to one vote with rights of cumulative voting at all elections of directors.

**(2) Number of shares; transferability**

The maximum number of shares of voting common stock that the Association may issue and have outstanding at any one time shall be fixed by the Board of Directors from time to time. Any voting common stock issued shall be fully transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

**(3) Dividends**

To the extent that net income is earned and realized, subject to subsection (g)(2) of this section, dividends may be declared on voting common stock by the Board of Directors. Such dividends as may be declared by the Board of Directors shall be paid to the holders of outstanding shares of voting common stock, except that no such dividends shall be payable with respect to any share which has been called for redemption past the effective date of such call.

**(4) Single class of voting common stock**

As of the effective date of the Higher Education Amendments of 1992, all of the previously authorized shares of voting common stock and nonvoting common stock of the Association shall be converted to shares of a single class of voting common stock on a share-for-share basis, without any further action on the part of the Association or any holder. Each outstanding certificate for voting or nonvoting common stock shall evidence ownership of the same number of shares of voting stock into which it is converted. All preexisting rights and obligations with respect to any



class of common stock of the Association shall be deemed to be rights and obligations with respect to such converted shares.

**(g) Preferred stock**

**(1) Authority of Board**

The Association is authorized to issue non-voting preferred stock having such par value as may be fixed by its Board of Directors from time to time. Any preferred share issued shall be freely transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

**(2) Rights of preferred stock**

The holders of the preferred shares shall be entitled to such rate of cumulative dividends and such shares shall be subject to such redemption or other conversion provisions as may be provided for at the time of issuance. No dividends shall be payable on any share of common stock at any time when any dividend is due on any share of preferred stock and has not been paid.

**(3) Preference on termination of business**

In the event of any liquidation, dissolution, or winding up of the Association's business, the holders of the preferred shares shall be paid in full at par value thereof, plus all accrued dividends, before the holders of the common shares receive any payment.

**(h) Debt obligations**

**(1) Approval by Secretaries of Education and the Treasury**

The Association is authorized with the approval of the Secretary of Education and the Secretary of the Treasury to issue and have outstanding obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association. The authority of the Secretary of Education to approve the issuance of such obligations is limited to obligations issued by the Association and guaranteed by the Secretary pursuant to paragraph (2) of this subsection. Such obligations may be redeemable at the option of the Association before maturity in such manner as may be stipulated therein. The Secretary of the Treasury may not direct as a condition of his approval that any such issuance of obligations by the Association be made or sold to the Federal Financing Bank. To the extent that the average outstanding amount of the obligations owned by the Association pursuant to the authority contained in subsection (d)(1)(B) and (C) of this section and as to which the income is exempt from taxation under title 26 does not exceed the average stockholders' equity of the Association, the interest on obligations issued under this paragraph shall not be deemed to be interest on indebtedness incurred or continued to purchase or carry obligations for the purpose of section 265 of title 26.

**(2) Guarantee of debt**

The Secretary is authorized, prior to October 1, 1984, to guarantee payment when due of principal and interest on obligations issued by the Association in an aggregate amount deter-

mined by the Secretary in consultation with the Secretary of the Treasury. Nothing in this section shall be construed so as to authorize the Secretary of Education or the Secretary of the Treasury to limit, control, or constrain programs of the Association or support of the Guaranteed Student Loan Program by the Association.

**(3) Borrowing authority to meet guarantee obligations**

To enable the Secretary to discharge his responsibilities under guarantees issued by him, he is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the months preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, and the purposes for which securities may be issued under that chapter are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. There is authorized to be appropriated to the Secretary such sums as may be necessary to pay the principal and interest on the notes or obligations issued by him to the Secretary of the Treasury.

**(4) Action on request for guarantees**

Upon receipt of a request from the Association under this subsection requiring approvals by the Secretary of Education or the Secretary of the Treasury, the Secretary of Education or the Secretary of the Treasury shall act promptly either to grant approval or to advise the Association of the reasons for withholding approval. In no case shall such an approval be withheld for a period longer than 60 days unless, prior to the end of such period, the Secretary of Education and the Secretary of the Treasury submit to the Congress a detailed explanation of reasons for doing so.

**(5) Authority of Treasury to purchase debt**

The Secretary of the Treasury is authorized to purchase any obligations issued by the Association pursuant to this subsection as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under chapter 31 of title 31, as now or here-

after in force, and the purposes for which securities may be issued under chapter 31 of title 31, as now or hereafter in force are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than \$1,000,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

**(6) Sale of debt to Federal Financing Bank**

Notwithstanding any other provision of law the Association is authorized to sell or issue obligations on the security of student loans, the payment of interest or principal of which has at any time been guaranteed under section 1078 or 1079 of this title, to the Federal Financing Bank.

**(7) Offset fee**

(A) The Association shall pay to the Secretary, on a monthly basis, an offset fee calculated on an annual basis in an amount equal to 0.30 percent of the principal amount of each loan made, insured or guaranteed under this part that the Association holds (except for loans made pursuant to section 1078-3 of this title, subsection (o) of this section, or subsection (q) of this section) and that was acquired on or after August 10, 1993.

(B) If the Secretary determines that the Association has substantially failed to comply with subsection (q) of this section, subparagraph (A) shall be applied by substituting "1.0 percent" for "0.3 percent".

(C) The Secretary shall deposit all fees collected pursuant to this paragraph into the insurance fund established in section 1081 of this title.

**(i) General corporate powers**

The Association shall have power—

(1) to sue and be sued, complain and defend, in its corporate name and through its own counsel;

(2) to adopt, alter, and use the corporate seal, which shall be judicially noticed;

(3) to adopt, amend, and repeal by its Board of Directors, bylaws, rules, and regulations as may be necessary for the conduct of its business;

(4) to conduct its business, carry on its operations, and have officers and exercise the

power granted by this section in any State without regard to any qualification or similar statute in any State;

(5) to lease, purchase, or otherwise acquire, own, hold, improve, use, or otherwise deal in and with any property, real, personal, or mixed, or any interest therein, wherever situated;

(6) to accept gifts or donations of services, or of property, real, personal, or mixed, tangible or intangible, in aid of any of the purposes of the Association;

(7) to sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets;

(8) to appoint such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, to fix their salaries, require bonds for them, and fix the penalty thereof; and

(9) to enter into contracts, to execute instruments, to incur liabilities, and to do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

**(j) Accounting, auditing, and reporting**

The accounts of the Association shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants or by independent licensed public accountants, licensed on or before December 31, 1970, who are certified or licensed by a regulatory authority of a State or other political subdivision of the United States, except that independent public accountants licensed to practice by such regulatory authority after December 31, 1970, and persons who, although not so certified or licensed, meet, in the opinion of the Secretary, standards of education and experience representative of the highest standards prescribed by the licensing authorities of the several States which provide for the continuing licensing of public accountants and which are prescribed by the Secretary in appropriate regulations may perform such audits until December 31, 1975. A report of each such audit shall be furnished to the Secretary of the Treasury. The audit shall be conducted at the place or places where the accounts are normally kept. The representatives of the Secretary shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Association and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians.

**(k) Report on audits by Treasury**

A report of each such audit for a fiscal year shall be made by the Secretary of the Treasury to the President and to the Congress not later than 6 months following the close of such fiscal year. The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and in-

formation as may be deemed necessary to keep the President and the Congress informed of the operations and financial condition of the Association, together with such recommendations with respect thereto as the Secretary may deem advisable, including a report of any impairment of capital or lack of sufficient capital noted in the audit. A copy of each report shall be furnished to the Secretary, and to the Association.

**(l) Lawful investment instruments; effect of and exemptions from other laws**

All obligations issued by the Association including those made under subsection (d)(4) of this section shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under authority or control of the United States or of any officer or officers thereof. All stock and obligations issued by the Association pursuant to this section shall be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission, to the same extent as securities which are direct obligations of, or obligations guaranteed as to principal or interest by, the United States. The Association shall, for the purposes of section 355(2) of title 12, be deemed to be an agency of the United States. The obligations of the Association shall be deemed to be obligations of the United States for the purpose of section 3124 of title 31. For the purpose of the distribution of its property pursuant to section 726 of title 11, the Association shall be deemed a person within the meaning of such title. The priority established in favor of the United States by section 3713 of title 31 shall not establish a priority over the indebtedness of the Association issued or incurred on or before September 30, 1992. The Federal Reserve Banks are authorized to act as depositories, custodians, or fiscal agents, or a combination thereof, for the Association in the general performance of its powers under this section.

**(m) Preparation of obligations**

In order to furnish obligations for delivery by the Association, the Secretary of the Treasury is authorized to prepare such obligations in such form as the Board of Directors may approve, such obligations when prepared to be held in the Treasury subject to delivery upon order by the Association. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenditures made in the preparation, custody, and delivery of such obligations. The Secretary of the Treasury is authorized to promulgate regulations on behalf of the Association so that the Association may utilize the book-entry system of the Federal Reserve Banks.

**(n) Report on operations and activities**

The Association shall, as soon as practicable after the end of each fiscal year, transmit to the President and the Congress a report of the Association's operations and activities, including a report with respect to all facilities transactions, during each year.

**(o) Loan consolidations**

**(1) In general**

The Association or its designated agent may, upon request of a borrower, consolidate loans received under this subchapter and part C of subchapter I of chapter 34 of title 42 in accordance with section 1078-3 of this title.

**(2) Use of existing agencies as agent**

The Association in making loans pursuant to this subsection in any State served by a guaranty agency or an eligible lender in a State described in section 1085(d)(1)(D) or (F) of this title may designate as its agent such agency or lender to perform such functions as the Association determines appropriate. Any agreements made pursuant to this subparagraph shall be on such terms and conditions as agreed upon by the Association and such agency or lender.

**(p) Advances for direct loans by guaranty agencies**

**(1) In general**

The Association shall make advances in each fiscal year from amounts available to it to each guaranty agency and eligible lender described in subsection 1078(h)(1) of this title which has an agreement with the Association which sets forth that advances are necessary to enable such agency or lender to make student loans in accordance with section 1078(h) of this title and that such advances will be repaid to the Association in accordance with such terms and conditions as may be set forth in the agreement and agreed to by the Association and such agency or lender. Advances made under this subsection shall not be subject to subsection (d)(2) of this section.

**(2) Limitation**

No advance may be made under this subsection unless the guaranty agency or lender makes an application to the Association, which shall be accompanied by such information as the Association determines to be reasonably necessary.

**(q) Lender-of-last-resort**

**(1) Action at request of Secretary**

(A) Whenever the Secretary determines that eligible borrowers are seeking and are unable to obtain loans under this part, the Association or its designated agent shall, not later than 90 days after August 10, 1993, begin making loans to such eligible borrowers in accordance with this subsection at the request of the Secretary. The Secretary may request that the Association make loans to borrowers within a geographic area or for the benefit of students attending institutions of higher education that certify, in accordance with standards established by the Secretary, that their students are seeking and unable to obtain loans.

(B) Loans made pursuant to this subsection shall be insurable by the Secretary under section 1079 of this title with a certificate of comprehensive insurance coverage provided for under section 1079(b)(1) of this title or by a guaranty agency under paragraph (2)(A) of this subsection.

**(2) Issuance and coverage of loans**

(A) Whenever the Secretary, after consultation with, and with the agreement of, representatives of the guaranty agency in a State, or an eligible lender in a State described in section 1085(d)(1)(D) of this title, determines that a substantial portion of eligible borrowers in such State or within an area of such State are seeking and are unable to obtain loans under this part, the Association or its designated agent shall begin making such loans to borrowers in such State or within an area of such State in accordance with this subsection at the request of the Secretary.

(B) Loans made pursuant to this subsection shall be insurable by the agency identified in subparagraph (A) having an agreement pursuant to section 1078(b) of this title. For loans insured by such agency, the agency shall provide the Association with a certificate of comprehensive insurance coverage, if the Association and the agency have mutually agreed upon a means to determine that the agency has not already guaranteed a loan under this part to a student which would cause a subsequent loan made by the Association to be in violation of any provision under this part.

**(3) Termination of lending**

The Association or its designated agent shall cease making loans under this subsection at such time as the Secretary determines that the conditions which caused the implementation of this subsection have ceased to exist.

**(r) Safety and soundness of Association****(1) Reports by the Association**

The Association shall promptly furnish to the Secretary of Education and Secretary of the Treasury copies of all—

(A) periodic financial reports publicly distributed by the Association; and

(B) reports concerning the Association that are received by the Association and prepared by nationally recognized statistical rating organizations.

**(2) Audit by Secretary of the Treasury**

(A) The Secretary of the Treasury may—

(i) appoint auditors to conduct audits of the Association from time to time to determine the condition of the Association for the purpose of assessing its financial safety and soundness; and

(ii) enter into contracts to obtain the services of such technical experts as the Secretary of the Treasury determines necessary and appropriate to provide technical assistance to any auditor appointed under this paragraph.

(B) Each auditor appointed under this paragraph shall conduct an audit of the Association to the extent requested by the Secretary of the Treasury and shall prepare and submit a report to the Secretary of the Treasury concerning the results of such audit. A copy of such report shall be furnished to the Association and the Secretary of Education on the date on which it is delivered to the Secretary of the Treasury.

(C) The Association shall provide full and prompt access to the Secretary of the Treas-

ury to its books and records and other information requested by the Secretary of the Treasury.

**(3) Monitoring of safety and soundness**

The Secretary of the Treasury shall conduct such studies as may be necessary to monitor the financial safety and soundness of the Association. In the event that the Secretary of the Treasury determines that the financial safety and soundness of the Association is at risk, the Secretary of the Treasury shall inform the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives, and the Secretary of Education of such determination and identify any corrective actions that should be taken to ensure the safety and soundness of the Association.

**(4) Capital standard**

If the capital ratio is less than 2 percent and is greater than or equal to 1.75 percent at the end of the Association's most recent calendar quarter the Association shall, within 60 days of such occurrence, submit to the Secretary of the Treasury a capital restoration plan, in reasonable detail, that the Association believes is adequate to cause the capital ratio to equal or exceed 2 percent within 36 months.

**(5) Capital restoration plan****(A) Submission, approval, and implementation**

The Secretary of the Treasury and the Association shall consult with respect to any capital restoration plan submitted pursuant to paragraph (4) and the Secretary of the Treasury shall approve such plan (or a modification thereof accepted by the Association) or disapprove such plan within 30 days after such plan is first submitted to the Secretary of the Treasury by the Association, unless the Association and Secretary of the Treasury mutually agree to a longer consideration period. If the Secretary of the Treasury approves a capital restoration plan (including a modification of a plan accepted by the Association), the Association shall forthwith proceed with diligence to implement such plan to the best of its ability.

**(B) Disapproval**

If the Secretary of the Treasury does not approve a capital restoration plan as provided in subparagraph (A), then not later than the earlier of the date the Secretary of the Treasury disapproves of such plan by written notice to the Association or the expiration of the 30-day consideration period referred to in subparagraph (A) (as such period may have been extended by mutual agreement), the Secretary of the Treasury shall submit the Association's capital restoration plan, in the form most recently proposed to the Secretary of the Treasury by the Association, together with a report on the Secretary of the Treasury's reasons for disapproval of such plan and an alternative capital restoration plan, to the Chairman

and ranking minority member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking minority member of the House Committee on Education and Labor. A copy of such submission simultaneously shall be sent to the Association and the Secretary of Education by the Secretary of the Treasury.

**(C) Association implementation and response**

Upon receipt of the submission by the Association, the Association shall forthwith proceed with diligence to implement the most recently proposed capital restoration plan of the Association. The Association, within 30 days after receipt from the Secretary of the Treasury of such submission, shall submit to such Chairmen and ranking minority members a written response to such submission, setting out fully the nature and extent of the Association's agreement or the disagreement with the Secretary of the Treasury with respect to the capital restoration plan submitted to the Secretary of the Treasury and any findings of the Secretary of the Treasury.

**(6) Substantial capital ratio reduction**

**(A) Additional plan required**

If the capital ratio is less than 1.75 percent and is greater than or equal to 1 percent at the end of the Association's most recent calendar quarter, the Association shall submit to the Secretary of the Treasury within 60 days after such occurrence a capital restoration plan (or an appropriate modification of any plan previously submitted or approved under paragraph (4)) to increase promptly its capital ratio to equal or exceed 1.75 percent. The Secretary of the Treasury and the Association shall consult with respect to any plan or modified plan submitted pursuant to this paragraph. The Secretary of the Treasury shall approve such plan or modified plan (or a modification thereof accepted by the Association) or disapprove such plan or modified plan within 30 days after such plan or modified plan is first submitted to the Secretary of the Treasury by the Association, unless the Association and Secretary of the Treasury mutually agree to a longer consideration period. If the Secretary of the Treasury approves a plan or modified plan (including a modification of a plan accepted by the Association), the Association shall forthwith proceed with diligence to implement such plan or modified plan to the best of the Association's ability.

**(B) Disapproval**

If the Secretary of the Treasury disapproves a capital restoration plan or modified plan submitted pursuant to subparagraph (A), then, not later than the earlier of the date the Secretary of the Treasury disapproves of such plan or modified plan (by written notice to the Association) or the expiration of the 30-day consideration period described in subparagraph (A) (as such period may have been extended by mutual agreement), the Secretary of the Treasury shall prepare and submit an alternative cap-

ital restoration plan, together with a report on his reasons for disapproval of the Association's plan or modified plan, to the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate and to the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives. A copy of such submission simultaneously shall be sent to the Association and the Secretary of Education by the Secretary of the Treasury. The Association, within 5 days after receipt from the Secretary of the Treasury of such submission, shall submit to the Chairmen and ranking minority members of such Committees, and the Secretary of the Treasury, a written response to such submission, setting out fully the nature and extent of the Association's agreement or disagreement with the Secretary of the Treasury with respect to the disapproved plan and the alternative plan of the Secretary of the Treasury and any findings of the Secretary of the Treasury.

**(C) Review by Congress; Association implementation**

Congress shall have 60 legislative days after the date on which Congress receives the alternative plan under subparagraph (B) from the Secretary of the Treasury to review such plan. If Congress does not take statutory action with respect to any such plan within such 60-day period, the Association shall immediately proceed with diligence to implement the alternative capital restoration plan of the Secretary of the Treasury under subparagraph (B). If Congress is out of session when any such alternative plan is received, such 60-day period shall begin on the first day of the next session of Congress.

**(7) Actions by Secretary of the Treasury**

If the capital ratio of the Association does not equal or exceed 1.75 percent at the end of the Association's most recent calendar quarter, the Secretary of the Treasury may, until the capital ratio equals or exceeds 1.75 percent, take any one or more of the following actions:

**(A) Limit increase in liabilities**

Limit any increase in, or order the reduction of, any liabilities of the Association, except as necessary to fund student loan purchases and warehousing advances.

**(B) Restrict growth**

Restrict or eliminate growth of the Association's assets, other than student loans purchases and warehousing advances.

**(C) Restrict distributions**

Restrict the Association from making any capital distribution.

**(D) Require issuance of new capital**

Require the Association to issue new capital in any form and in any amount sufficient to restore at least a 1.75 percent capital ratio.

**(E) Limit executive compensation**

Prohibit the Association from increasing for any executive officer any compensation including bonuses at a rate exceeding that officer's average rate of compensation during the previous 12 calendar months and prohibiting the Board from adopting any new employment severance contracts.

**(8) Critical capital standard**

(A) If the capital ratio is less than 1 percent at the end of the Association's most recent calendar quarter and the Association has already submitted a capital restoration plan to the Secretary of the Treasury pursuant to paragraph (4) or (6)(A), the Association shall forthwith proceed with diligence to implement the most recently proposed plan with such modifications as the Secretary of the Treasury determines are necessary to cause the capital ratio to equal or exceed 2 percent within 60 months.

(B) If the capital ratio is less than 1 percent at the end of the Association's most recent calendar quarter and the Association has not submitted a capital restoration plan to the Secretary of the Treasury pursuant to paragraph (4) or (6)(A), the Association shall—

(i) within 14 days of such occurrence submit a capital restoration plan to the Secretary of the Treasury which the Association believes is adequate to cause the capital ratio to equal or exceed 2 percent within 60 months; and

(ii) forthwith proceed with diligence to implement such plan with such modifications as the Secretary of the Treasury determines are necessary to cause the capital ratio to equal or exceed 2 percent within 60 months.

(C) Immediately upon a determination under subparagraph (A) or (B) to implement a capital restoration plan, the Secretary of the Treasury shall submit the capital restoration plan to be implemented to the Chairman and ranking minority member of the Committee on Labor and Human Resources of the Senate, the Chairman and ranking minority member of the Committee on Education and Labor of the House of Representatives, and the Secretary of Education.

**(9) Additional reports to committees**

The Association shall submit a copy of its capital restoration plan, modifications proposed to the Secretary of the Treasury, and proposed modifications received from the Secretary of the Treasury to the Congressional Budget Office and General Accounting Office upon their submission to the Secretary of the Treasury or receipt from the Secretary of the Treasury. Notwithstanding any other provision of law, the Congressional Budget Office and General Accounting Office shall maintain the confidentiality of information received pursuant to the previous sentence. In the event that the Secretary of the Treasury does not approve a capital restoration plan as provided in paragraph (5)(A) or (6)(A), or in the event that a capital restoration plan is modified by the Secretary of the Treasury pursuant to paragraph (6)(B) or (8), the Congressional

Budget Office and General Accounting Office shall each submit a report within 30 days of the Secretary of the Treasury's submission to the Chairmen and ranking minority members as required in paragraphs (5)(B), (6)(B), and (8)(C) to such Chairmen and ranking members—

(A) analyzing the financial condition of the Association;

(B) analyzing the capital restoration plan and reasons for disapproval of the plan contained in the Secretary of the Treasury's submission made pursuant to paragraph (5)(B), or the capital restoration plan proposed by the Association and the modifications made by the Secretary of the Treasury pursuant to paragraph (6)(B) or (8);

(C) analyzing the impact of the capital restoration plan and reasons for disapproval of the plan contained in the Secretary of the Treasury's submission made pursuant to paragraph (5)(B), or the impact of the capital restoration plan proposed by the Association and the modifications made by the Secretary of the Treasury pursuant to paragraph (6)(B) or (8), and analyzing the impact of the recommendations made pursuant to subparagraph (D) of this paragraph, on—

(i) the ability of the Association to fulfill its purpose and authorized activities as provided in this section, and

(ii) the operation of the student loan programs; and

(D) recommending steps which the Association should take to increase its capital ratio without impairing its ability to perform its purpose and authorized activities as provided in this section.

**(10) Review by Secretary of Education**

The Secretary of Education shall review the Secretary of the Treasury's submission required pursuant to paragraph (5)(B), (6)(B), or (8) and shall submit a report within 30 days to the Chairman and ranking minority member of the Senate Committee on Labor and Human Resources and to the Chairman and ranking minority member of the House Committee on Education and Labor—

(A) describing any administrative or legislative provisions governing the student loan programs which contributed to the decline in the Association's capital ratio; and

(B) recommending administrative and legislative changes in the student loan programs to maintain the orderly operation of such programs and to enable the Association to fulfill its purpose and authorized activities consistent with the capital ratio specified in paragraph (4).

**(11) Safe harbor**

The Association shall be deemed in compliance with the capital ratios described in paragraphs (4) and (6)(A) if the Association is rated in 1 of the 2 highest full rating categories (such categories to be determined without regard to designations within categories) by 2 nationally recognized statistical rating organizations, determined without regard to the Association's status as a federally chartered corporation.

**(12) Treatment of confidential information**

Notwithstanding any other provision of law, the Secretary of the Treasury, the Secretary of Education, the Congressional Budget Office, and the General Accounting Office shall not disclose any information treated as confidential by the Association and obtained pursuant to this subsection. Nothing in this paragraph shall authorize the Secretary of the Treasury, the Secretary of Education, the Congressional Budget Office, and the General Accounting Office to withhold information from Congress, or prevent the Secretary of Education, the Congressional Budget Office, and the General Accounting Office from complying with a request for information from any other Federal department or agency requesting the information for purposes within the scope of its jurisdiction, or complying with an order of a court of the United States in an action brought by the United States. For purposes of section 552 of title 5, this paragraph shall be considered a statute described in subsection (b)(3) of such section 552.

**(13) Definitions**

As used in this subsection:

(A) The term “nationally recognized statistical rating organization” means any entity recognized as such by the Securities and Exchange Commission.

(B) The term “capital ratio” means the ratio of total stockholders’ equity, as shown on the Association’s most recent quarterly consolidated balance sheet prepared in the ordinary course of its business, to the sum of—

(i) the total assets of the Association, as shown on the balance sheet prepared in the ordinary course of its business; and

(ii) 50 percent of the credit equivalent amount of the following off-balance sheet items of the Association as of the date of such balance sheet—

(I) all financial standby letters of credit and other irrevocable guarantees of the repayment of financial obligations of others; and

(II) all interest rate contracts and exchange rate contracts, including interest exchange agreements, floor, cap, and collar agreements and similar arrangements.

For purposes of this subparagraph, the calculation of the credit equivalent amount of the items set forth in clause (ii) of this subparagraph, the netting of such items and eliminations for the purpose of avoidance of double-counting of such items shall be made in accordance with the measures for computing credit conversion factors for off-balance sheet items for capital maintenance purposes established for commercial banks from time to time by the Federal Reserve Board, but without regard to any risk weighting provisions in such measures.

(C) The term “legislative days” means only days on which either House of Congress is in session.

(Pub. L. 89-329, title IV, § 439, as added Pub. L. 99-498, title IV, § 402(a), Oct. 17, 1986, 100 Stat.

1418; amended Pub. L. 100-50, § 10(dd), June 3, 1987, 101 Stat. 347; Pub. L. 100-369, § 7(c), July 18, 1988, 102 Stat. 837; Pub. L. 102-325, title IV, § 431, July 23, 1992, 106 Stat. 554; Pub. L. 103-66, title IV, §§ 4041(c), 4104, Aug. 10, 1993, 107 Stat. 356, 367; Pub. L. 103-208, § 2(c)(69), Dec. 20, 1993, 107 Stat. 2470; Pub. L. 103-382, title III, § 358, Oct. 20, 1994, 108 Stat. 3968.)

**REFERENCES IN TEXT**

For the effective date of the Higher Education Amendments of 1992, referred to in subsec. (f)(4), see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**CODIFICATION**

In subsec. (h)(3) and (5), “chapter 31 of title 31” substituted for “the Second Liberty Bond Act, as amended” and “the Second Liberty Bond Act”, and “that chapter” substituted for “that Act, as amended”, on authority of Pub. L. 97-258, § 4(b), Sept. 13, 1982, 96 Stat. 1067, the first section of which enacted Title 31, Money and Finance.

**PRIOR PROVISIONS**

A prior section 1087-2, Pub. L. 89-329, title IV, § 439, as added Pub. L. 92-318, title I, § 133(a), June 23, 1972, 86 Stat. 265; amended Pub. L. 94-273, § 3(9), Apr. 21, 1976, 90 Stat. 376; Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2136; Pub. L. 95-43, § 1(a)(38), June 15, 1977, 91 Stat. 217; Pub. L. 96-374, title IV, § 421(a)-(e)(1), title XIII, § 1391(a)(1), (3), Oct. 3, 1980, 94 Stat. 1427-1430, 1503; Pub. L. 97-35, title V, § 538, Aug. 13, 1981, 95 Stat. 457; Pub. L. 97-115, § 18, Dec. 29, 1981, 95 Stat. 1610; Pub. L. 97-301, § 14, Oct. 13, 1982, 96 Stat. 1405; Pub. L. 98-79, § 2, 8, Aug. 15, 1983, 97 Stat. 476, 483; Pub. L. 99-272, title XVI, §§ 16017(b)(4), 16018(a)(3), Apr. 7, 1986, 100 Stat. 347, 348, established the Student Loan Marketing Association, prior to the general revision of this part by Pub. L. 99-498.

A prior section 1087-3, Pub. L. 89-329, title IV, § 439A, as added Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2141, related to a five-year nondischargeability of certain loan debts, prior to repeal by Pub. L. 95-598, title III, § 317, Nov. 6, 1978, 92 Stat. 2678, eff. Nov. 6, 1978.

A prior section 1087-3a, Pub. L. 89-329, title IV, § 439B, as added Pub. L. 95-566, § 8, Nov. 1, 1978, 92 Stat. 2404, authorized any loan under this part to be counted as part of the expected family contribution in the determination of need, prior to repeal by Pub. L. 97-35, title V, § 532(b)(2), Aug. 13, 1981, 95 Stat. 452, applicable to loans for the statement required by section 1078(a)(2)(A) of this title is completed on or after Oct. 1, 1981.

A prior section 1087-4, Pub. L. 89-329, title IV, § 440, as added Pub. L. 94-482, title I, § 127(a), Oct. 12, 1976, 90 Stat. 2141, provided for criminal penalties, prior to repeal by Pub. L. 96-374, title IV, § 451(b), Oct. 3, 1980, 94 Stat. 1458, eff. Oct. 1, 1980. See section 1097 of this title.

**AMENDMENTS**

1994—Subsec. (d)(1)(C). Pub. L. 103-382, § 358(1)(A), (D), inserted “(including related equipment, instrumentation, and furnishings)” after “materials” in introductory provisions and substituted “30 percent” for “15 percent” and “types” for “type” in concluding provisions.

Subsec. (d)(1)(C)(ii). Pub. L. 103-382, § 358(1)(B), substituted “, dining halls, student unions, and facilities specifically designed to promote fitness and health for students, faculty, and staff or for physical education courses; and” for the semicolon.

Subsec. (d)(1)(C)(iii), (iv). Pub. L. 103-382, § 358(1)(C), (E), struck out “and” after the semicolon in cl. (iii) and struck out cl. (iv) which read as follows: “related equipment, instrumentation, and furnishings for facilities and materials described in clause (i) or (iii);”.

Subsec. (n). Pub. L. 103-382, § 358(2), substituted “a report of the Association’s operations and activities, in-

cluding a report with respect to all facilities transactions, during each year” for “a report of its operations and activities during each year”.

1993—Subsec. (h)(7). Pub. L. 103-66, §4104, added par. (7).

Subsec. (q). Pub. L. 103-66, §4041(c), amended subsec. (q) generally, substituting present provisions for substantially similar former provisions.

Subsec. (r)(12). Pub. L. 103-208 substituted “section 552” for “section 522”.

1992—Subsec. (c). Pub. L. 102-325, §431(a), amended subsec. (c) generally, substituting present provisions consisting of pars. (1) to (4) for former provisions which provided for: in par. (1), Board membership; in par. (2), interim Board; in par. (3), regular Board; in par. (4), succession of regular Board; in par. (5), terms of appointed and elected members; and in par. (6), meetings and functions of Board.

Subsec. (d)(1)(C). Pub. L. 102-325, §431(b), amended subpar. (C) generally. Prior to amendment, subpar. (C) read as follows: “to buy, sell, hold, insure, underwrite, and otherwise deal in obligations issued for the purpose of financing or refinancing the construction, reconstruction, renovation, or purchase of educational and training facilities and housing for students and faculties (including the underlying real property), and related equipment, instrumentation, and furnishings;”.

Subsec. (d)(5). Pub. L. 102-325, §431(c), substituted “second highest rating” for “third highest rating”.

Subsec. (f). Pub. L. 102-325, §431(d), amended subsec. (f) generally, substituting present provisions consisting of pars. (1) to (4) for former provisions which provided for: in par. (1), common stock to insured lenders and eligible institutions only; in par. (2), voting rights; in par. (3), number of shares and transferability; in par. (4), dividends; and in par. (5), nonvoting common stock.

Subsec. (r). Pub. L. 102-325, §431(e), added subsec. (r). 1988—Subsec. (h)(1). Pub. L. 100-369 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954” in two places, which for purposes of codification was translated as “title 26” thus requiring no change in text.

1987—Subsec. (d)(1)(E)(iii). Pub. L. 100-50 inserted “Labor and” before “Human Resources”.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective July 23, 1992, except that changes in subsec. (d)(1), relating to facilities loans, applicable with respect to applications received on or after July 1, 1992, see section 432 of Pub. L. 102-325, set out as a note under section 1078 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1078, 1085, 1087-1, 1092a of this title.

## PART C—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

### CODIFICATION

This part was, in the original, part D of title IV of Pub. L. 89-329, the Higher Education Act of 1965. The letter designation was changed from “D” to “C” for codification purposes. Part C of title IV of Pub. L. 89-329, consisting of sections 441 to 447, as added by Pub. L. 99-498, title IV, §403(a), Oct. 17, 1986, 100 Stat. 1429, is set out as section 2751 et seq. of Title 42, The Public Health and Welfare, because sections 441 to 446 of Pub. L. 89-329 had originally been enacted as part C of title I of the Economic Opportunity Act of 1964, consisting of sections 121 to 126 of Pub. L. 88-452, Aug. 20, 1964, 78 Stat. 513, prior to the transfer of such sections into Pub. L. 89-329, and had already been classified to section 2751 et seq. of Title 42, The Public Health and Welfare, at the time of the transfer.

### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1072, 1078, 1078-3, 1090, 1091, 1091a, 1092, 1092b, 1106d of this title; title 11 section 525; title 26 section 6103.

## § 1087a. Program authority

### (a) In general

There are hereby made available, in accordance with the provisions of this part, such sums as may be necessary to make loans to all eligible students (and the eligible parents of such students) in attendance at participating institutions of higher education selected by the Secretary, to enable such students to pursue their courses of study at such institutions during the period beginning July 1, 1994. Such loans shall be made by participating institutions, or consortia thereof, that have agreements with the Secretary to originate loans, or by alternative originators designated by the Secretary to make loans for students in attendance at participating institutions (and their parents).

### (b) Designation

#### (1) Program

The program established under this part shall be referred to as the “William D. Ford Federal Direct Loan Program”.

#### (2) Direct loans

Notwithstanding any other provision of this part, loans made to borrowers under this part that, except as otherwise specified in this part, have the same terms, conditions, and benefits as loans made to borrowers under section 1078 of this title, shall be known as “Federal Direct Stafford/Ford Loans”.

(Pub. L. 89-329, title IV, §451, as added Pub. L. 99-498, title IV, §404, Oct. 17, 1986, 100 Stat. 1437; amended Pub. L. 102-325, title IV, §451, July 23, 1992, 106 Stat. 569; Pub. L. 103-66, title IV, §4021, Aug. 10, 1993, 107 Stat. 341; Pub. L. 103-382, title III, §358A, Oct. 20, 1994, 108 Stat. 3968.)

### PRIOR PROVISIONS

A prior section 1087a, Pub. L. 89-329, title IV, §451, as added Pub. L. 90-575, title I, §141, Oct. 16, 1968, 82 Stat. 1031; amended Pub. L. 92-318, title I, §136(a), (b)(1), June 23, 1972, 86 Stat. 272, authorized appropriations for cooperative education programs from the fiscal year ending June 30, 1969, through the fiscal year ending prior to July 1, 1975, prior to repeal by Pub. L. 94-482, title I, §129(a), Oct. 12, 1976, 90 Stat. 2144, eff. 30 days after Oct. 12, 1976.



## AMENDMENTS

1994—Pub. L. 103-382 designated existing provisions as subsec. (a), added heading, and added subsec. (b).

1993—Pub. L. 103-66 amended section generally, substituting provisions relating to program authority for former provisions relating to program and payment authority.

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to program and payment authority for Federal direct loan demonstration program for former provisions relating to statement of purpose of income contingent direct loan demonstration project.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## INCOME CONTINGENT LOAN DISTRIBUTION OF FUNDS

Section 452 of Pub. L. 102-325 provided that:

“(a) IN GENERAL.—After September 30, 1992, and not later than March 31, 1992, the capital balance of the student loan fund established under part D of title IV of the Higher Education Act of 1965 [20 U.S.C. 1087a et seq.] (as such Act was in effect on the date of enactment of this Act [July 23, 1992]) shall be distributed by allowing institutions to transfer any remaining funds, including future collections and all other funds at the institution's discretion, to such institution's part E [20 U.S.C. 1087aa et seq.] account, part C [42 U.S.C. 2751 et seq.] fund, or subpart 3 of part A [20 U.S.C. 1070b et seq.] fund under the terms and conditions of the appropriate program.

“(b) CONVERSION OF EXISTING LOANS.—Institutions may, after July 1, 1992, convert all outstanding loans made under part D of title IV of the Higher Education Act of 1965 [20 U.S.C. 1087a et seq.] (as such Act was in effect on such date) to part E [20 U.S.C. 1087aa et seq.] loans, provided that such institution—

“(1) notify the borrower of such conversion;

“(2) obtain a signed part E promissory note from the borrower for the remaining amount outstanding; and

“(3) provide the borrower in writing with a description of all terms and conditions of the new loan.”

## § 1087b. Funds for origination of direct student loans

## (a) In general

The Secretary shall provide, on the basis of the need and the eligibility of students at each participating institution, and parents of such students, for such loans, funds for student and parent loans under this part—

(1) directly to an institution of higher education that has an agreement with the Secretary under section 1087d(a) of this title to participate in the direct student loan programs under this part and that also has an agreement with the Secretary under section 1087d(b) of this title to originate loans under this part; or

(2) through an alternative originator designated by the Secretary to students (and parents of students) attending institutions of higher education that have an agreement with the Secretary under section 1087d(a) of this title but that do not have an agreement with the Secretary under section 1087d(b) of this title.

## (b) Fees for origination services

## (1) Fees for institutions

The Secretary shall pay fees to institutions of higher education (or a consortium of such

institutions) with agreements under section 1087d(b) of this title, in an amount established by the Secretary, to assist in meeting the costs of loan origination. Such fees—

(A) shall be paid by the Secretary based on all the loans made under this part to a particular borrower in the same academic year;

(B) shall be subject to a sliding scale that decreases the per borrower amount of such fees as the number of borrowers increases; and

(C)(i) for academic year 1994-1995, shall not exceed a program-wide average of \$10 per borrower for all the loans made under this part to such borrower in the same academic year; and

(ii) for succeeding academic years, shall not exceed such average fee as the Secretary shall establish pursuant to regulations.

## (2) Fees for alternative originators

The Secretary shall pay fees for loan origination services to alternative originators of loans made under this part in an amount established by the Secretary in accordance with the terms of the contract described in section 1087f(b) of this title between the Secretary and each such alternative originator.

## (c) No entitlement to participate or originate

No institution of higher education shall have a right to participate in the programs authorized by this part, to originate loans, or to perform any program function under this part. Nothing in this subsection shall be construed so as to limit the entitlement of an eligible student attending a participating institution (or the eligible parent of such student) to borrow under this part.

## (d) Delivery of loan funds

Loan funds shall be paid and delivered to an institution by the Secretary prior to the beginning of the payment period established by the Secretary in a manner that is consistent with payment and delivery of basic grants under subpart 1 of part A of this subchapter.

(Pub. L. 89-329, title IV, § 452, as added Pub. L. 99-498, title IV, § 404, Oct. 17, 1986, 100 Stat. 1437; amended Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 569; Pub. L. 103-66, title IV, § 4021, Aug. 10, 1993, 107 Stat. 341.)

## PRIOR PROVISIONS

A prior section 1087b, Pub. L. 89-329, title IV, § 452, as added Pub. L. 90-575, title I, § 141, Oct. 16, 1968, 82 Stat. 1031, authorized grants for programs of cooperative education, prior to repeal by Pub. L. 94-482, title I, § 129(a), Oct. 12, 1976, 90 Stat. 2144, eff. 30 days after Oct. 12, 1976.

## AMENDMENTS

1993—Pub. L. 103-66 amended section generally, substituting provisions relating to funds for origination of direct student loans for former provisions relating to payment rules.

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to payment rules for former provisions authorizing demonstration projects.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1087c. Selection of institutions for participation and origination**

**(a) Phase-in of program**

**(1) General authority**

The Secretary shall enter into agreements pursuant to section 1087d(a) of this title with institutions of higher education to participate in the direct student loan program under this part, and agreements pursuant to section 1087d(b) of this title with institutions of higher education, or consortia thereof, to originate loans in such program, for academic years beginning on or after July 1, 1994. Alternative origination services, through which an entity other than the participating institution at which the student is in attendance originates the loan, shall be provided by the Secretary, through 1 or more contracts under section 1087f(b) of this title or such other means as the Secretary may provide, for students attending participating institutions that do not originate direct student loans under this part. Such agreements for the academic year 1994–1995 shall, to the extent feasible, be entered into not later than January 1, 1994.

**(2) Transition provisions**

In order to ensure an expeditious but orderly transition from the loan programs under part B of this subchapter to the direct student loan program under this part, the Secretary shall, in the exercise of the Secretary's discretion, determine the number of institutions with which the Secretary shall enter into agreements under subsections (a) and (b) of section 1087d of this title for any academic year, except that the Secretary shall exercise such discretion so as to achieve the following goals:

(A) for academic year 1994–1995, loans made under this part shall represent 5 percent of the new student loan volume for such year;

(B) for academic year 1995–1996, loans made under this part shall represent 40 percent of the new student loan volume for such year;

(C) for academic years 1996–1997 and 1997–1998, loans made under this part shall represent 50 percent of the new student loan volume for such years; and

(D) for the academic year that begins in fiscal year 1998, loans made under this part shall represent 60 percent of the new student loan volume for such year.

**(3) Exception**

The Secretary may exceed the percentage goals described in subparagraphs<sup>1</sup> (C) or (D) of paragraph (2) if the Secretary determines that a higher percentage is warranted by the number of institutions of higher education that desire to participate in the program under this part and that meet the eligibility requirements for such participation.

**(4) New student loan volume**

For the purpose of this subsection, the term “new student loan volume” means the estimated sum of all loans (other than consolidation loans) that will be made, insured or guaranteed under this part and part B of this sub-

chapter in the year for which the determination is made. The Secretary shall base the estimate described in the preceding sentence on the most recent program data available.

**(b) Selection criteria**

**(1) Application**

Each institution of higher education desiring to participate in the direct student loan program under this part shall submit an application satisfactory to the Secretary containing such information and assurances as the Secretary may require.

**(2) Selection procedure**

The Secretary shall select institutions for participation in the direct student loan program under this part, and shall enter into agreements with such institutions under section 1087d(a) of this title, from among those institutions that submit the applications described in paragraph (1), and meet such other eligibility requirements as the Secretary shall prescribe, by, to the extent possible—

(A)(i) categorizing such institutions according to anticipated loan volume, length of academic program, control of the institution, highest degree offered, size of student enrollment, geographic location, annual loan volume, and default experience; and

(ii) beginning in academic year 1995–1996 selecting institutions that are reasonably representative of each of the categories described pursuant to clause (i); and

(B) if the Secretary determines it necessary in order to carry out the purposes of subparagraph (A) and attain such reasonable representation (as required by subparagraph (A)), selecting additional institutions.

**(c) Selection criteria for origination**

**(1) In general**

The Secretary may enter into a supplemental agreement with an institution (or a consortium of such institutions) that—

(A) has an agreement under subsection 1087d(a) of this title;

(B) desires to originate loans under this part; and

(C) meets the criteria described in paragraph (2).

**(2) Transition selection criteria**

For academic year 1994–1995, the Secretary may approve an institution to originate loans only if such institution—

(A) made loans under part D of this subchapter in academic year 1993–1994 and did not exceed the applicable maximum default rate under section 1087bb(g) of this title for the most recent fiscal year for which data are available;

(B) is not on the reimbursement system of payment for any of the programs under subpart 1 or 3 of part A of this subchapter, part C of subchapter I of chapter 34 of title 42, or part D of this subchapter;

(C) is not overdue on program or financial reports or audits required under this subchapter;

(D) is not subject to an emergency action, or a limitation, suspension, or termination

<sup>1</sup> So in original. Probably should be “subparagraph”.

under section 1078(b)(1)(T), 1082(h), or 1094(c) of this title;

(E) in the opinion of the Secretary, has not had significant deficiencies identified by a State postsecondary review entity under subpart 1 of part G of this subchapter;

(F) in the opinion of the Secretary, has not had severe performance deficiencies for any of the programs under this subchapter, including such deficiencies demonstrated by audits or program reviews submitted or conducted during the 5 calendar years immediately preceding the date of application;

(G) provides an assurance that such institution has no delinquent outstanding debts to the Federal Government, unless such debts are being repaid under or in accordance with a repayment arrangement satisfactory to the Federal Government, or the Secretary in the Secretary's discretion determines that the existence or amount of such debts has not been finally determined by the cognizant Federal agency; and

(H) meets such other criteria as the Secretary may establish to protect the financial interest of the United States and to promote the purposes of this part.

### (3) Regulations governing approval after transition

For academic year 1995–1996 and subsequent academic years, the Secretary shall promulgate and publish in the Federal Register regulations governing the approval of institutions to originate loans under this part in accordance with section 1087g(a)(2) of this title.

### (d) Eligible institutions

The Secretary may not select an institution of higher education for participation under this section unless such institution is an eligible institution under section 1085(a) of this title.

### (e) Consortia

Subject to such requirements as the Secretary may prescribe, eligible institutions of higher education (as determined under subsection (d) of this section) with agreements under section 1087d(a) of this title may apply to the Secretary as consortia to originate loans under this part for students in attendance at such institutions. Each such institution shall be required to meet the requirements of subsection (c) of this section with respect to loan origination.

(Pub. L. 89–329, title IV, § 453, as added Pub. L. 99–498, title IV, § 404, Oct. 17, 1986, 100 Stat. 1438; amended Pub. L. 102–325, title IV, § 451, July 23, 1992, 106 Stat. 569; Pub. L. 103–66, title IV, § 4021, Aug. 10, 1993, 107 Stat. 342; Pub. L. 103–208, § 2(e), Dec. 20, 1993, 107 Stat. 2470.)

#### CODIFICATION

Amendment by section 2 of Pub. L. 103–208 (which was effective as if included in Pub. L. 102–325) was executed to this section as amended by Pub. L. 102–325 and Pub. L. 103–66, to reflect the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1087c, Pub. L. 89–329, title IV, § 453, as added Pub. L. 90–575, title I, § 141, Oct. 16, 1968, 82 Stat. 1032; amended Pub. L. 92–318, title I, § 136(b)(2), June 23, 1972, 86 Stat. 272, authorized grants and contracts for

training and research in cooperative education programs, prior to repeal by Pub. L. 94–482, title I, § 129(a), Oct. 12, 1976, 90 Stat. 2144, eff. 30 days after Oct. 12, 1976.

#### AMENDMENTS

1993—Pub. L. 103–66 amended section generally, substituting provisions relating to selection of institutions for participation and origination for former provisions relating to selection by Secretary.

Subsec. (b)(2)(B). Pub. L. 103–208 amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “if the Secretary determines it necessary to carry out the purposes of this part, selecting additional institutions.” See Codification note above.

1992—Pub. L. 102–325 amended section generally, substituting provisions relating to selection by the Secretary for former provisions relating to agreements with institutions of higher education.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102–325 effective Oct. 1, 1992, see section 2 of Pub. L. 102–325, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1091a of this title.

## § 1087d. Agreements with institutions

### (a) Participation agreements

An agreement with any institution of higher education for participation in the direct student loan program under this part shall—

(1) provide for the establishment and maintenance of a direct student loan program at the institution under which the institution will—

(A) identify eligible students who seek student financial assistance at such institution in accordance with section 1091 of this title;

(B) estimate the need of each such student as required by part E of this subchapter for an academic year, except that, any loan obtained by a student under this part with the same terms as loans made under section 1078–8 of this title (except as otherwise provided in this part), or a loan obtained by a parent under this part with the same terms as loans made under section 1078–2 of this title (except as otherwise provided in this part), or obtained under any State-sponsored or private loan program, may be used to offset the expected family contribution of the student for that year;

(C) provide a statement that certifies the eligibility of any student to receive a loan under this part that is not in excess of the annual or aggregate limit applicable to such loan, except that the institution may, in exceptional circumstances identified by the Secretary, refuse to certify a statement that permits a student to receive a loan under this part, or certify a loan amount that is less than the student's determination of need (as determined under part E of this subchapter), if the reason for such action is doc-

umented and provided in written form to such student;

(D) set forth a schedule for disbursement of the proceeds of the loan in installments, consistent with the requirements of section 1078-7 of this title; and

(E) provide timely and accurate information—

(i) concerning the status of student borrowers (and students on whose behalf parents borrow under this part) while such students are in attendance at the institution and concerning any new information of which the institution becomes aware for such students (or their parents) after such borrowers leave the institution, to the Secretary for the servicing and collecting of loans made under this part; and

(ii) if the institution does not have an agreement with the Secretary under subsection (b) of this section, concerning student eligibility and need, as determined under subparagraphs (A) and (B), to the Secretary as needed for the alternative origination of loans to eligible students and parents in accordance with this part;

(2) provide assurances that the institution will comply with requirements established by the Secretary relating to student loan information with respect to loans made under this part;

(3) provide that the institution accepts responsibility and financial liability stemming from its failure to perform its functions pursuant to the agreement;

(4) provide that students at the institution and their parents (with respect to such students) will be eligible to participate in the programs under part B of this subchapter at the discretion of the Secretary for the period during which such institution participates in the direct student loan program under this part, except that a student or parent may not receive loans under both this part and part B of this subchapter for the same period of enrollment;

(5) provide for the implementation of a quality assurance system, as established by the Secretary and developed in consultation with institutions of higher education, to ensure that the institution is complying with program requirements and meeting program objectives;

(6) provide that the institution will not charge any fees of any kind, however described, to student or parent borrowers for origination activities or the provision of any information necessary for a student or parent to receive a loan under this part, or any benefits associated with such loan; and

(7) include such other provisions as the Secretary determines are necessary to protect the interests of the United States and to promote the purposes of this part.

#### (b) Origination

An agreement with any institution of higher education, or consortia thereof, for the origination of loans under this part shall—

(1) supplement the agreement entered into in accordance with subsection (a) of this section;

(2) include provisions established by the Secretary that are similar to the participation agreement provisions described in paragraphs (1)(E)(ii), (2), (3), (4), (5), (6), and (7) of subsection (a) of this section, as modified to relate to the origination of loans by the institution or consortium;

(3) provide that the institution or consortium will originate loans to eligible students and parents in accordance with this part; and

(4) provide that the note or evidence of obligation on the loan shall be the property of the Secretary.

#### (c) Withdrawal and termination procedures

The Secretary shall establish procedures by which institutions or consortia may withdraw or be terminated from the program under this part.

(Pub. L. 89-329, title IV, § 454, as added Pub. L. 99-498, title IV, § 404, Oct. 17, 1986, 100 Stat. 1438; amended Pub. L. 100-50, § 12, June 3, 1987, 101 Stat. 348; Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 571; Pub. L. 103-66, title IV, § 4021, Aug. 10, 1993, 107 Stat. 345.)

#### AMENDMENTS

1993—Pub. L. 103-66 amended section generally, substituting provisions relating to agreements with institutions, consisting of subsecs. (a) to (c), for former provisions relating to requirements of agreements, consisting of pars. (1) to (7).

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to requirements of agreements for former provisions relating to terms of loans under pilot program.

1987—Subsec. (a)(4). Pub. L. 100-50 amended par. (4) generally. Prior to amendment, par. (4) read as follows: “The interest rate on all such loans shall be the rate equal to the rate obtained for each calendar year (A) by computing the average of the bond equivalent rates of 91-day Treasury bills auctioned for such 3-month period preceding such year, and (B) by adding 3 percent to the resulting percent.”

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087b, 1087c, 1087g of this title.

### § 1087e. Terms and conditions of loans

#### (a) In general

##### (1) Parallel terms, conditions, benefits, and amounts

Unless otherwise specified in this part, loans made to borrowers under this part shall have the same terms, conditions, and benefits, and be available in the same amounts, as loans made to borrowers under sections 1078, 1078-2, and 1078-8 of this title.

##### (2) Designation of loans

Loans made to borrowers under this part that, except as otherwise specified in this

part, have the same terms, conditions, and benefits as loans made to borrowers under—

(A) section 1078 of this title shall be known as “Federal Direct Stafford Loans”;

(B) section 1078–2 of this title shall be known as “Federal Direct PLUS Loans”; and

(C) section 1078–8 of this title shall be known as “Federal Direct Unsubsidized Stafford Loans”.

#### (b) Interest rate

##### (1) Rates for FDSL and FDUSL

For Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction held prior to such June 1; plus

(B) 3.1 percent,

except that such rate shall not exceed 8.25 percent.

##### (2) In school and grace period rules

(A) Notwithstanding the provisions of paragraph (1), but subject to paragraph (3), with respect to any Federal Direct Stafford Loan or Federal Direct Unsubsidized Stafford Loan for which the first disbursement is made on or after July 1, 1995, the applicable rate of interest for interest which accrues—

(i) prior to the beginning of the repayment period of the loan; or

(ii) during the period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 1078(b)(1)(M) or 1077(a)(2)(C) of this title,

shall not exceed the rate determined under subparagraph (B).

(B) For the purpose of subparagraph (A), the rate determined under this subparagraph shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(i) the bond equivalent rate of 91-day Treasury bills auctioned at the final auction prior to such June 1; plus

(ii) 2.5 percent,

except that such rate shall not exceed 8.25 percent.

##### (3) Out-year rule

Notwithstanding paragraphs (1) and (2), for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(A) the bond equivalent rate of the security with a comparable maturity as established by the Secretary; plus

(B) 1.0 percent,

except that such rate shall not exceed 8.25 percent.

##### (4) Rates for FDPLUS

(A) For Federal Direct PLUS Loans for which the first disbursement is made on or after July 1, 1994, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(i) the bond equivalent rate of 52-week Treasury bills auctioned at final auction held prior to such June 1; plus

(ii) 3.1 percent,

except that such rate shall not exceed 9 percent.

(B) For Federal Direct PLUS loans made on or after July 1, 1998, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

(i) the bond equivalent rate of the security with a comparable maturity as established by the Secretary; plus

(ii) 2.1 percent,

except that such rate shall not exceed 9 percent.

##### (5) Publication

The Secretary shall determine the applicable rates of interest under this subsection after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

#### (c) Loan fee

The Secretary shall charge the borrower of a loan made under this part an origination fee of 4.0 percent of the principal amount of loan.

#### (d) Repayment plans

##### (1) Design and selection

Consistent with criteria established by the Secretary, the Secretary shall offer a borrower of a loan made under this part a variety of plans for repayment of such loan, including principal and interest on the loan. The borrower shall be entitled to accelerate, without penalty, repayment on the borrower's loans under this part. The borrower may choose—

(A) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, consistent with subsection (a)(1) of this section;

(B) an extended repayment plan, with a fixed annual repayment amount paid over an extended period of time, except that the borrower shall annually repay a minimum amount determined by the Secretary in accordance with section 1078(b)(1)(L) of this title;

(C) a graduated repayment plan, with annual repayment amounts established at 2 or more graduated levels and paid over a fixed or extended period of time, except that the borrower's scheduled payments shall not be less than 50 percent, nor more than 150 percent, of what the amortized payment on the

amount owed would be if the loan were repaid under the standard repayment plan; and

(D) an income contingent repayment plan, with varying annual repayment amounts based on the income of the borrower, paid over an extended period of time prescribed by the Secretary, not to exceed 25 years, except that the plan described in this subparagraph shall not be available to the borrower of a Federal Direct PLUS loan.

**(2) Selection by Secretary**

If a borrower of a loan made under this part does not select a repayment plan described in paragraph (1), the Secretary may provide the borrower with a repayment plan described in subparagraph (A), (B), or (C) of paragraph (1).

**(3) Changes in selections**

The borrower of a loan made under this part may change the borrower's selection of a repayment plan under paragraph (1), or the Secretary's selection of a plan for the borrower under paragraph (2), as the case may be, under such terms and conditions as may be established by the Secretary.

**(4) Alternative repayment plans**

The Secretary may provide, on a case by case basis, an alternative repayment plan to a borrower of a loan made under this part who demonstrates to the satisfaction of the Secretary that the terms and conditions of the repayment plans available under paragraph (1) are not adequate to accommodate the borrower's exceptional circumstances. In designing such alternative repayment plans, the Secretary shall ensure that such plans do not exceed the cost to the Federal Government, as determined on the basis of the present value of future payments by such borrowers, of loans made using the plans available under paragraph (1).

**(5) Repayment after default**

The Secretary may require any borrower who has defaulted on a loan made under this part to—

- (A) pay all reasonable collection costs associated with such loan; and
- (B) repay the loan pursuant to an income contingent repayment plan.

**(e) Income contingent repayment**

**(1) Information and procedures**

The Secretary may obtain such information as is reasonably necessary regarding the income of a borrower (and the borrower's spouse, if applicable) of a loan made under this part that is, or may be, repaid pursuant to income contingent repayment, for the purpose of determining the annual repayment obligation of the borrower. Returns and return information (as defined in section 6103 of title 26) may be obtained under the preceding sentence only to the extent authorized by section 6103(l)(13) of title 26. The Secretary shall establish procedures for determining the borrower's repayment obligation on that loan for such year, and such other procedures as are necessary to implement effectively income contingent repayment.

**(2) Repayment based on adjusted gross income**

A repayment schedule for a loan made under this part and repaid pursuant to income contingent repayment shall be based on the adjusted gross income (as defined in section 62 of title 26) of the borrower or, if the borrower is married and files a Federal income tax return jointly with the borrower's spouse, on the adjusted gross income of the borrower and the borrower's spouse.

**(3) Additional documents**

A borrower who chooses, or is required, to repay a loan made under this part pursuant to income contingent repayment, and for whom adjusted gross income is unavailable or does not reasonably reflect the borrower's current income, shall provide to the Secretary other documentation of income satisfactory to the Secretary, which documentation the Secretary may use to determine an appropriate repayment schedule.

**(4) Repayment schedules**

Income contingent repayment schedules shall be established by regulations promulgated by the Secretary and shall require payments that vary in relation to the appropriate portion of the annual income of the borrower (and the borrower's spouse, if applicable) as determined by the Secretary.

**(5) Calculation of balance due**

The balance due on a loan made under this part that is repaid pursuant to income contingent repayment shall equal the unpaid principal amount of the loan, any accrued interest, and any fees, such as late charges, assessed on such loan. The Secretary may promulgate regulations limiting the amount of interest that may be capitalized on such loan, and the timing of any such capitalization.

**(6) Notification to borrowers**

The Secretary shall establish procedures under which a borrower of a loan made under this part who chooses or is required to repay such loan pursuant to income contingent repayment is notified of the terms and conditions of such plan, including notification of such borrower—

(A) that the Internal Revenue Service will disclose to the Secretary tax return information as authorized under section 6103(l)(13) of title 26; and

(B) that if a borrower considers that special circumstances, such as a loss of employment by the borrower or the borrower's spouse, warrant an adjustment in the borrower's loan repayment as determined using the information described in subparagraph (A), or the alternative documentation described in paragraph (3), the borrower may contact the Secretary, who shall determine whether such adjustment is appropriate, in accordance with criteria established by the Secretary.

**(f) Deferment**

**(1) Effect on principal and interest**

A borrower of a loan made under this part who meets the requirements described in para-

graph (2) shall be eligible for a deferment, during which periodic installments of principal need not be paid, and interest—

(A) shall not accrue, in the case of a—

(i) Federal Direct Stafford Loan; or  
(ii) a Federal Direct Consolidation Loan that consolidated only Federal Direct Stafford Loans, or a combination of such loans and Federal Stafford Loans for which the student borrower received an interest subsidy under section 1078 of this title; or

(B) shall accrue and be capitalized or paid by the borrower, in the case of a Federal Direct PLUS Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Consolidation Loan not described in subparagraph (A)(ii).

## (2) Eligibility

A borrower of a loan made under this part shall be eligible for a deferment during any period—

(A) during which the borrower—

(i) is carrying at least one-half the normal full-time work load for the course of study that the borrower is pursuing, as determined by the eligible institution (as such term is defined in section 1085(a) of this title) the borrower is attending; or  
(ii) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for individuals with disabilities approved by the Secretary,

except that no borrower shall be eligible for a deferment under this subparagraph, or a loan made under this part (other than a Federal Direct PLUS Loan or a Federal Direct Consolidation Loan), while serving in a medical internship or residency program;

(B) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment;

(C) not in excess of 3 years during which the Secretary determines, in accordance with regulations prescribed under section 1085(o) of this title, that the borrower has experienced or will experience an economic hardship.

## (3) “Borrower” defined

For the purpose of this subsection, the term “borrower” means an individual who is a new borrower on the date such individual applies for a loan under this part for which the first disbursement is made on or after July 1, 1993.

## (4) Deferments for previous part B loan borrowers

A borrower of a loan made under this part, who at the time such individual applies for such loan, has an outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under part B of this subchapter prior to July 1, 1993, shall be eligible for a deferment under section 1077(a)(2)(C) of this title or section 1078(b)(1)(M) of this title as such sections were in effect on July 22, 1992.

## (g) Federal Direct Consolidation Loans

A borrower of a loan made under this part may consolidate such loan with the loans described

in section 1078-3(a)(4) of this title only under such terms and conditions as the Secretary shall establish pursuant to section 1087g(a)(1) of this title or regulations promulgated under this part. Loans made under this subsection shall be known as “Federal Direct Consolidation Loans”.

## (h) Borrower defenses

Notwithstanding any other provision of State or Federal law, the Secretary shall specify in regulations (except as authorized under section 1087g(a)(1) of this title) which acts or omissions of an institution of higher education a borrower may assert as a defense to repayment of a loan made under this part, except that in no event may a borrower recover from the Secretary, in any action arising from or relating to a loan made under this part, an amount in excess of the amount such borrower has repaid on such loan.

## (i) Loan application and promissory note

The common financial reporting form required in section 1090(a)(1) of this title shall constitute the application for loans made under this part (other than a Federal Direct PLUS loan). The Secretary shall develop, print, and distribute to participating institutions a standard promissory note and loan disclosure form.

## (j) Loan disbursement

### (1) In general

Proceeds of loans to students under this part shall be applied to the student's account for tuition and fees, and, in the case of institutionally owned housing, to room and board. Loan proceeds that remain after the application of the previous sentence shall be delivered to the borrower by check or other means that is payable to and requires the endorsement or other certification by such borrower.

### (2) Payment periods

The Secretary shall establish periods for the payments described in paragraph (1) in a manner consistent with payment of basic grants under subpart 1 of part A of this subchapter.

## (k) Fiscal control and fund accountability

### (1) In general

(A) An institution shall maintain financial records in a manner consistent with records maintained for other programs under this subchapter.

(B) Except as otherwise required by regulations of the Secretary, or in a notice under section 1087g(a)(1) of this title, an institution may maintain loan funds under this part in the same account as other Federal student financial assistance.

### (2) Payments and refunds

Payments and refunds shall be reconciled in a manner consistent with the manner set forth for the submission of a payment summary report required of institutions participating in the program under subpart 1 of part A of this subchapter, except that nothing in this paragraph shall prevent such reconciliations on a monthly basis.

### (3) Transaction histories

All transaction histories under this part shall be maintained using the same system

designated by the Secretary for the provision of basic grants under subpart 1 of part A of this subchapter.

(Pub. L. 89-329, title IV, § 455, as added Pub. L. 99-498, title IV, § 404, Oct. 17, 1986, 100 Stat. 1439; amended Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 572; Pub. L. 103-66, title IV, § 4021, Aug. 10, 1993, 107 Stat. 346; Pub. L. 103-382, title III, § 359, Oct. 20, 1994, 108 Stat. 3968.)

#### REFERENCES IN TEXT

Sections 1077(a)(2)(C) and 1078(b)(1)(M) of this title as such sections were in effect on July 22, 1992, referred to in subsec. (f)(4), means sections 1077(a)(2)(C) and 1078(b)(1)(M) of this title prior to being amended generally by sections 414(b) and 416(e)(1), respectively, of Pub. L. 102-325, title IV, July 23, 1992, 106 Stat. 513, 519.

#### AMENDMENTS

1994—Subsec. (f)(3), (4). Pub. L. 103-382 added pars. (3) and (4).

1993—Pub. L. 103-66 amended section generally, substituting provisions relating to terms and conditions of loans for former provisions relating to withdrawal and termination procedures.

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to withdrawal and termination procedures for former provisions relating to feasibility study.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1087f. Contracts

#### (a) Contracts for supplies and services

##### (1) In general

The Secretary shall, to the extent practicable, award contracts for origination, servicing, and collection described in subsection (b) of this section. In awarding such contracts, the Secretary shall ensure that such services and supplies are provided at competitive prices.

##### (2) Entities

The entities with which the Secretary may enter into contracts shall include only entities which the Secretary determines are qualified to provide such services and supplies and will comply with the procedures applicable to the award of such contracts. In the case of awarding contracts for the origination, servicing, and collection of loans under this part, the Secretary shall enter into contracts only with entities that have extensive and relevant experience and demonstrated effectiveness. The entities with which the Secretary may enter into such contracts shall include, where practicable, agencies with agreements with the Secretary under sections 1078(b) and (c) of this title, if such agencies meet the qualifications as determined by the Secretary under this subsection and if those agencies have such experience and demonstrated effectiveness. In awarding contracts to such State agencies, the Secretary shall, to the extent practicable and consistent with the purposes of this part, give special consideration to State agencies with a history of high quality performance to perform services for institutions of higher education within their State.

#### (3) Rule of construction

Nothing in this section shall be construed as a limitation of the authority of any State agency to enter into an agreement for the purposes of this section as a member of a consortium of State agencies.

#### (b) Contracts for origination, servicing, and data systems

The Secretary may enter into contracts for—

(1) the alternative origination of loans to students attending institutions of higher education with agreements to participate in the program under this part (or their parents), if such institutions do not have agreements with the Secretary under section 1087d(b) of this title;

(2) the servicing and collection of loans made under this part;

(3) the establishment and operation of 1 or more data systems for the maintenance of records on all loans made under this part;

(4) services to assist in the orderly transition from the loan programs under part B of this subchapter to the direct student loan program under this part; and

(5) such other aspects of the direct student loan program as the Secretary determines are necessary to ensure the successful operation of the program.

(Pub. L. 89-329, title IV, § 456, as added Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 572; amended Pub. L. 103-66, title IV, § 4021, Aug. 10, 1993, 107 Stat. 352.)

#### AMENDMENTS

1993—Pub. L. 103-66 amended section generally, substituting provisions relating to contracts for former provisions relating to terms and conditions.

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087b, 1087c of this title.

### § 1087g. Regulatory activities

#### (a) Notice in lieu of regulations for first year of program

##### (1) Notice in lieu of regulations for first year of program

The Secretary shall publish in the Federal Register whatever standards, criteria, and procedures, consistent with the provisions of this part, the Secretary, in consultation with members of the higher education community, determines are reasonable and necessary to the successful implementation of the first year of the direct student loan program authorized by this part. Section 1232<sup>1</sup> of this title shall not apply to the publication of such standards, criteria, and procedures.

##### (2) Negotiated rulemaking

Beginning with academic year 1995-1996, all standards, criteria, procedures, and regula-

<sup>1</sup> See References in Text note below.



tions implementing this part as amended by the Student Loan Reform Act of 1993 shall, to the extent practicable, be subject to negotiated rulemaking, including all such standards, criteria, procedures, and regulations promulgated from August 10, 1993.

**(b) Closing date for applications from institutions**

The Secretary shall establish a date not later than October 1, 1993, as the closing date for receiving applications from institutions of higher education desiring to participate in the first year of the direct loan program under this part.

**(c) Publication of list of participating institutions**

Not later than January 1, 1994, the Secretary shall publish in the Federal Register a list of the institutions of higher education selected to participate in the first year of the direct loan program under this part.

(Pub. L. 89-329, title IV, § 457, as added Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 572; amended Pub. L. 103-66, title IV, § 4021, Aug. 10, 1993, 107 Stat. 352.)

REFERENCES IN TEXT

Section 1232 of this title, referred to in subsec. (a)(1), was in the original a reference to section 431 of the General Education Provisions Act. Sections 422 and 431 of that Act were renumbered as sections 431 and 437, respectively, by Pub. L. 103-382, title II, § 212(b)(1), Oct. 20, 1994, 108 Stat. 3913, and are classified to sections 1231a and 1232, respectively, of this title.

The Student Loan Reform Act of 1993, referred to in subsec. (a)(2), is subtitle A (§§ 4011-4047) of title IV of Pub. L. 103-66, Aug. 10, 1993, 106 Stat. 341. For complete classification of this Act to the Code, see Short Title of 1993 Amendments note set out under section 1001 of this title and Tables.

AMENDMENTS

1993—Pub. L. 103-66 amended section generally, substituting provisions relating to regulatory activities for former provisions relating to loan collection functions under competitive procurement contracts.

EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087c, 1087e of this title.

**§ 1087h. Funds for administrative expenses**

**(a) In general**

Each fiscal year, there shall be available to the Secretary of Education from funds available pursuant to section 1072(g) of this title and from funds not otherwise appropriated, funds to be obligated for administrative costs under this part, including the costs of the transition from the loan programs under part B of this subchapter to the direct student loan programs under this part (including the costs of annually assessing the program under this part and the progress of the transition) and transition support (including administrative costs) for the expenses of guaranty agencies in servicing outstanding loans in their portfolios and in guaran-

teeing new loans, not to exceed (from such funds not otherwise appropriated) \$260,000,000 in fiscal year 1994, \$284,000,000 in fiscal year 1995, \$550,000,000 in fiscal year 1996, \$595,000,000 in fiscal year 1997, and \$750,000,000 in fiscal year 1998. If in any fiscal year the Secretary determines that additional funds for administrative expenses are needed as a result of such transition or the expansion of the direct student loan programs under this part, the Secretary is authorized to use funds available under this section for a subsequent fiscal year for such expenses, except that the total expenditures by the Secretary (from such funds not otherwise appropriated) shall not exceed \$2,439,000,000 in fiscal years 1994 through 1998. The Secretary is also authorized to carry over funds available under this section to a subsequent fiscal year.

**(b) Availability**

Funds made available under subsection (a) of this section shall remain available until expended.

**(c) Budget justification**

No funds may be expended under this section unless the Secretary includes in the Department of Education's annual budget justification to Congress a detailed description of the specific activities for which the funds made available by this section have been used in the prior and current years (if applicable), the activities and costs planned for the budget year, and the projection of activities and costs for each remaining year for which administrative expenses under this section are made available.

**(d) Notification**

In the event the Secretary finds it necessary to use the authority provided to the Secretary under subsection (a) of this section to draw funds for administrative expenses from a future year's funds, no funds may be expended under this section unless the Secretary immediately notifies the Committees on Appropriations of the Senate and of the House of Representatives, and the Labor and Human Resources Committee of the Senate and the Education and Labor Committee of the House of Representatives, of such action and explain the reasons for such action.

(Pub. L. 89-329, title IV, § 458, as added Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 573; amended Pub. L. 103-66, title IV, § 4021, Aug. 10, 1993, 107 Stat. 353; Pub. L. 104-19, title I, § 601, July 27, 1995, 109 Stat. 219.)

PRIOR PROVISIONS

Prior sections 1087i and 1087j were omitted in the general revision of this part by Pub. L. 103-66.

Section 1087i, Pub. L. 89-329, title IV, § 459, as added Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 575, related to schedule of regulatory activities by Secretary under Federal direct loan demonstration program.

Section 1087j, Pub. L. 89-329, title IV, § 459A, as added Pub. L. 102-325, title IV, § 451, July 23, 1992, 106 Stat. 575, related to funds for administrative expenses under Federal direct loan demonstration program.

AMENDMENTS

1995—Subsec. (a). Pub. L. 104-19 substituted “\$284,000,000 in fiscal year 1995” for “\$345,000,000 in fiscal year 1995” and “\$2,439,000,000 in fiscal years 1994

through 1998” for “\$2,500,000,000 in fiscal years 1994 through 1998”.

1993—Pub. L. 103-66 amended section generally, substituting provisions relating to funds for administrative expenses for former provisions relating to reports.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1072, 1078 of this title.

### PART D—FEDERAL PERKINS LOANS

#### CODIFICATION

This part was added as part E of title IV of Pub. L. 89-329 by Pub. L. 92-318, title I, §137(b), June 23, 1972, 86 Stat. 273, and amended by Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 95-561, Nov. 1, 1978, 92 Stat. 2143; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357; Pub. L. 97-301, Oct. 13, 1982, 96 Stat. 1400; Pub. L. 98-79, Aug. 15, 1983, 97 Stat. 476; Pub. L. 99-272, Apr. 7, 1986, 100 Stat. 82. Such part is shown herein, however, as having been added by Pub. L. 99-498, title IV, §405(a), Oct. 17, 1986, 100 Stat. 1439, without reference to such intervening amendments because of the extensive revision of this part by Pub. L. 99-498. The letter designation of this part was changed from “E” to “D” for codification purposes. See Codification note preceding section 1087a of this title.

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1078, 1078-3, 1085, 1087c, 1089, 1090, 1091, 1091a, 1092, 1092b, 1094, 1096, 1099a-3, 1106d of this title; title 5 section 5379; title 10 sections 2171, 16301, 16302; title 11 section 525; title 26 section 6103; title 42 sections 2756b, 4953.

### § 1087aa. Appropriations authorized

#### (a) Program authority

The Secretary shall carry out a program of stimulating and assisting in the establishment and maintenance of funds at institutions of higher education for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions or while engaged in programs of study abroad approved for credit by such institutions. Loans made under this part shall be known as “Federal Perkins Loans”.

#### (b) Authorization of appropriations

(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated \$250,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(2) In addition to the funds authorized under paragraph (1), there are hereby authorized to be appropriated such sums for fiscal year 1997 and each of the 5 succeeding fiscal years as may be necessary to enable students who have received

loans for academic years ending prior to October 1, 1997, to continue or complete courses of study.

#### (c) Use of appropriations

Any sums appropriated pursuant to subsection (b) of this section for any fiscal year shall be available for apportionment pursuant to section 1087bb of this title and for payments of Federal capital contributions therefrom to institutions of higher education which have agreements with the Secretary under section 1087cc of this title. Such Federal capital contributions and all contributions from such institutions shall be used for the establishment, expansion, and maintenance of student loan funds.

(Pub. L. 89-329, title IV, §461, as added Pub. L. 99-498, title IV, §405(a), Oct. 17, 1986, 100 Stat. 1439; amended Pub. L. 102-325, title IV, §461(a)(2)-(c), July 23, 1992, 106 Stat. 576.)

#### PRIOR PROVISIONS

A prior section 1087aa, Pub. L. 89-329, title IV, §461, as added Pub. L. 92-318, title I, §137(b), June 23, 1972, 86 Stat. 273; amended Pub. L. 94-482, title I, §130(a), (b), Oct. 12, 1976, 90 Stat. 2146; Pub. L. 96-49, §5(d)(1), (2), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title IV, §441, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1436, 1503, authorized a program to establish and maintain funds at institutions of higher education for making low-interest loans to students, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1992—Subsec. (a). Pub. L. 102-325, §461(a)(2), (b), inserted “or while engaged in programs of study abroad approved for credit by such institutions” after “in such institutions” and substituted “Federal Perkins Loans” for “Perkins Loans”.

Subsec. (b). Pub. L. 102-325, §461(c), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows:

“(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated \$268,000,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

“(2) In addition there are hereby authorized to be appropriated such sums for fiscal year 1991 and each of the five succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, 1991, to continue or complete courses of study.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087bb, 1087cc, 1087ee of this title.

### § 1087bb. Allocation of funds

#### (a) Allocation based on previous allocation

(1) From the amount appropriated pursuant to section 1087aa(b) of this title for each fiscal year, the Secretary shall first allocate to each eligible institution an amount equal to—

(A) 100 percent of the amount of Federal capital contribution allocated to such institution under this part for fiscal year 1985, multiplied by

(B) the institution’s default penalty, as determined under subsection (f) of this section,

except that if the institution has a default rate in excess of the applicable maximum default rate under subsection (g) of this section, the institution may not receive an allocation under this paragraph.

(2)(A) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1985 but is not a first or second time participant, an amount equal to the greater of—

(i) \$5,000; or

(ii) 100 percent of the amount received and expended under this part for the first year it participated in the program.

(B) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1985 and is a first or second time participant, an amount equal to the greatest of—

(i) \$5,000;

(ii) an amount equal to (I) 90 percent of the amount received and used under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (II) the number of students enrolled at such comparable institutions in such fiscal year, multiplied by (III) the number of students enrolled at the applicant institution in such fiscal year; or

(iii) 90 percent of the institution's allocation under this part for the preceding fiscal year.

(C) Notwithstanding subparagraphs (A) and (B) of this paragraph, the Secretary shall allocate to each eligible institution which—

(i) was a first-time participant in the program in fiscal year 1986 or any subsequent fiscal year, and

(ii) received a larger amount under this subsection in the second year of participation,

an amount equal to 90 percent of the amount it received under this subsection in its second year of participation.

(D) For any fiscal year after a fiscal year in which an institution receives an allocation under subparagraph (A), (B), or (C), the Secretary shall allocate to such institution an amount equal to the product of—

(i) the amount determined under subparagraph (A), (B), or (C), multiplied by

(ii) the institution's default penalty, as determined under subsection (f) of this section,

except that if the institution has a default rate in excess of the applicable maximum default rate under subsection (g) of this section, the institution may not receive an allocation under this paragraph.

(3)(A) If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under paragraph (1) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

(B) If the amount appropriated for any fiscal year is more than the amount required to be allocated to all institutions under paragraph (1) but less than the amount required to be allocated to all institutions under paragraph (2), then—

(i) the Secretary shall allot the amount required to be allocated to all institutions under paragraph (1), and

(ii) the amount of the allocation to each institution under paragraph (2) shall be ratably reduced.

(C) If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

**(b) Allocation of excess based on pro rata share**

From one-quarter of the remainder of the amount appropriated pursuant to section 1087aa(b) of this title for any fiscal year (after making the allocations required by subsection (a) of this section), the Secretary shall allocate to each eligible institution an amount which bears the same ratio to such one-quarter as—

(1) the amount the eligible institution receives for such fiscal year under subsection (a) of this section, bears to

(2) the amount all such institutions receive under such subsection (a) of this section.

**(c) Allocation of excess based on share of excess eligible amounts**

(1) From three-quarters of the remainder of the amount appropriated pursuant to section 1087aa(b) of this title after making the allocations required by subsection (a) of this section, the Secretary shall allocate to each eligible institution which has an excess eligible amount an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

(2) For any eligible institution, the excess eligible amount is the amount, if any, by which—

(A)(i) that institution's eligible amount (as determined under paragraph (3)), divided by (ii) the sum of the eligible amounts of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 1087aa(b) of this title for the fiscal year; exceeds

(B) the amount required to be allocated to that institution under subsection (a) of this section,

except that an eligible institution which has a default rate in excess of the applicable maximum default rate under subsection (g) of this section may not receive an allocation under this paragraph.

(3) For any eligible institution, the eligible amount of that institution is equal to—

(A) the amount of the institution's self-help need, as determined under subsection (d) of this section; minus

(B) the institution's anticipated collections; multiplied by

(C) the institution's default penalty, as determined under subsection (f) of this section;

except that, if the institution has a default rate in excess of the applicable maximum default rate under subsection (g) of this section, the eligible amount of that institution is zero.

**(d) Determination of institution's self-help need**

(1) The amount of an institution's self-help need is equal to the sum of the self-help need of the institution's eligible undergraduate students and the self-help need of the institution's eligible graduate and professional students.

(2) To determine the self-help need of an institution's eligible undergraduate students, the Secretary shall—

(A) establish various income categories for dependent and independent undergraduate students;

(B) establish an expected family contribution for each income category of dependent and independent undergraduate students, determined on the basis of the average expected family contribution (computed in accordance with part E of this subchapter) of a representative sample within each income category for the second preceding fiscal year;

(C) compute 25 percent of the average cost of attendance for all undergraduate students;

(D) multiply the number of eligible dependent students in each income category by the lesser of—

(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

(ii) the average cost of attendance for all undergraduate students minus the expected family contribution determined under subparagraph (B) for that income category, except that the amount computed by such subtraction shall not be less than zero;

(E) add the amounts determined under subparagraph (D) for each income category of dependent students;

(F) multiply the number of eligible independent students in each income category by the lesser of—

(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

(ii) the average cost of attendance for all undergraduate students minus the expected family contribution determined under subparagraph (B) for that income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

(G) add the amounts determined under subparagraph (F) for each income category of independent students; and

(H) add the amounts determined under subparagraphs (E) and (G).

(3) To determine the self-help need of an institution's eligible graduate and professional students, the Secretary, for academic year 1988–1989, shall use the procedures employed for academic year 1986–1987, and, for any subsequent academic years, the Secretary shall—

(A) establish various income categories for graduate and professional students;

(B) establish an expected family contribution for each income category of graduate and professional students, determined on the basis of the average expected family contribution (computed in accordance with part E of this subchapter) of a representative sample within each income category for the second preceding fiscal year;

(C) determine the average cost of attendance for all graduate and professional students;

(D) subtract from the average cost of attendance for all graduate and professional students (determined under subparagraph (C)), the ex-

pected family contribution (determined under subparagraph (B)) for each income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

(E) multiply the amounts determined under subparagraph (D) by the number of eligible students in each category;

(F) add the amounts determined under subparagraph (E) for each income category.

(4)(A) For purposes of paragraphs (2) and (3), the term “average cost of attendance” means the average of the attendance costs for undergraduate students and for graduate and professional students, which shall include (i) tuition and fees determined in accordance with subparagraph (B), (ii) standard living expenses determined in accordance with subparagraph (C), and (iii) books and supplies determined in accordance with subparagraph (D).

(B) The average undergraduate and graduate and professional tuition and fees described in subparagraph (A)(i) shall be computed on the basis of information reported by the institution to the Secretary, which shall include (i) total revenue received by the institution from undergraduate and graduate tuition and fees for the second year preceding the year for which it is applying for an allocation, and (ii) the institution's enrollment for such second preceding year.

(C) The standard living expense described in subparagraph (A)(ii) is equal to 150 percent of the difference between the income protection allowance for a family of five with one in college and the income protection allowance for a family of six with one in college for a single independent student.

(D) The allowance for books and supplies described in subparagraph (A)(iii) is equal to \$450.

#### **(e) Anticipated collections**

(1) An institution's anticipated collections are equal to the amount which was collected during the second year preceding the beginning of the award period, multiplied by 1.21.

(2) The Secretary shall establish an appeals process by which the anticipated collections required in paragraph (1) may be waived for institutions with low default rates in the program assisted under this part.

#### **(f) Default reduction and default penalties**

(1) For any fiscal year prior to fiscal year 1994, any institution which has a default rate which equals or exceeds 7.5 percent but does not exceed the maximum default rate applicable to the award year under subsection (g) of this section, the institution's default penalty is a percentage equal to the complement of such default rate. For any institution which has a default rate that does not exceed 7.5 percent, the institution's default penalty is equal to one.

(2) For fiscal year 1994 and any succeeding fiscal year, any institution with a cohort default rate (as defined under subsection (h) of this section) which—

(A) equals or exceeds 15 percent, shall establish a default reduction plan pursuant to regulations issued by the Secretary;

(B) equals or exceeds 20 percent, but is less than 25 percent, shall have a default penalty of 0.9;

(C) equals or exceeds 25 percent, but is less than 30 percent, shall have a default penalty of 0.7; and

(D) equals or exceeds 30 percent shall have a default penalty of zero.

**(g) Applicable maximum default rate**

(1) For award years 1992 and 1993, the applicable maximum default rate is 15 percent.

(2) For award year 1994 and subsequent years, the maximum cohort default rate is 30 percent.

**(h) Definitions of default rate and cohort default rate**

(1) For any award year prior to award year 1994, for the purpose of this section, the default rate is computed by dividing—

(A) the total principal amount of defaulted loans; by

(B) the total principal amount of loans made under this part, less the principal amount of all loans made to borrowers who are eligible for deferment under section 1087dd(c)(2)(A)(i) of this title or are in a grace period preceding repayment.

(2) For the purpose of paragraph (1)(A), the total principal amount of defaulted loans is equal to the total amount borrowed under loans that have reached repayment status and that are in default, minus—

(A) amounts that have been repaid or cancelled on such loans;

(B) loans discharged in bankruptcy;

(C) loans referred or assigned to the Secretary for collection under paragraph (5)(A), (5)(B)(i), or (6) of section 1087cc(a) of this title; and

(D) loans that are in default but on which the borrowers have made satisfactory arrangements to resume payment.

(3)(A) For award year 1994 and any succeeding year, the term “cohort default rate” means, for any award year in which 30 or more current and former students at the institution enter repayment on loans under this part (received for attendance at the institution), the percentage of those current and former students who enter repayment on such loans (received for attendance at that institution) in that award year who default before the end of the following award year.

(B) In determining the number of students who default before the end of such award year, the Secretary shall, in calculating the cohort default rate, exclude any loans which, due to improper servicing or collection, would result in an inaccurate or incomplete calculation of the cohort default rate.

(C) For any award year in which less than 30 of the institution’s current and former students enter repayment, the term “cohort default rate” means the percentage of such current and former students who entered repayment on such loans in any of the three most recent award years and who default before the end of the award year immediately following the year in which they entered repayment.

(D) A loan on which a payment is made by the institution of higher education, its owner, agency, contractor, employee, or any other entity or individual affiliated with such institution, in order to avoid default by the borrower, is con-

sidered as in default for the purposes of this subsection.

(E) Any loan that is in default but on which the borrower has made satisfactory arrangements to resume payment or any loan which has been rehabilitated before the end of such following award year is not considered as in default for purposes of this subsection.

(F) In the case of a student who has attended and borrowed at more than one school, the student (and his or her subsequent repayment or default) is attributed to the school for attendance at which the student received the loan that entered repayment in the award year.

(G) The Secretary shall prescribe regulations designed to prevent an institution from evading the application to that institution of a default rate determination under this subsection through the use of such measures as branching, consolidation, change of ownership or control or other means as determined by the Secretary.

(4) A loan shall be considered to be in default—

(A) 240 days (in the case of a loan repayable monthly), or

(B) 270 days (in the case of a loan repayable quarterly), after the borrower fails to make an installment payment when due or to comply with other terms of the promissory note,

after the borrower fails to make an installment payment when due or to comply with other terms of the promissory note.

**(i) Filing deadlines**

The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

**(j) Reallocation of excess allocations**

**(1) In general**

(A) If an institution of higher education returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year, the Secretary shall reallocate 80 percent of such returned portions to participating institutions in an amount not to exceed such participating institution’s excess eligible amounts as determined under paragraph (2).

(B) For the purpose of this subsection, the term “participating institution” means an institution of higher education that—

(i) was a participant in the program assisted under this part in fiscal year 1985; and

(ii) did not receive an allocation under subsection (a) of this section in the fiscal year for which the reallocation determination is made.

**(2) Excess eligible amount**

For any participating institution, the excess eligible amount is the amount, if any, by which—

(A)(i) that institution’s eligible amount (as determined under paragraph (3) of subsection (c) of this section), divided by (ii) the sum of the eligible amounts of all participating institutions (as determined under paragraph (3)), multiplied by (iii) the amount of funds available for reallocation under this subsection; exceeds

(B) the amount required to be allocated to that institution under subsection (c) of this section.

**(3) Remainder**

The Secretary shall reallocate the remainder of such returned portions in accordance with regulations of the Secretary.

**(4) Allocation reductions**

If under paragraph (1) of this subsection an institution returns more than 10 percent of its allocation, the institution's allocation for the next fiscal year shall be reduced by the amount returned. The Secretary may waive this paragraph for a specific institution if the Secretary finds that enforcing it is contrary to the interest of the program.

(Pub. L. 89-329, title IV, § 462, as added Pub. L. 99-498, title IV, § 405(a), Oct. 17, 1986, 100 Stat. 1440; amended Pub. L. 100-50, § 13(a)-(d), June 3, 1987, 101 Stat. 348; Pub. L. 102-325, title IV, § 462, July 23, 1992, 106 Stat. 576; Pub. L. 103-208, § 2(f)(1)-(4), Dec. 20, 1993, 107 Stat. 2470, 2471.)

**PRIOR PROVISIONS**

A prior section 1087bb, Pub. L. 89-329, title IV, § 462, as added Pub. L. 92-318, title I, § 137(b), June 23, 1972, 86 Stat. 273; amended Pub. L. 96-374, title IV, § 448(a), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1443, 1503, provided for apportionment of appropriations among States, prior to the general revision of this part by Pub. L. 99-498.

**AMENDMENTS**

1993—Subsec. (a)(1), (2)(D). Pub. L. 103-208, § 2(f)(1), substituted “if the institution has” for “if the institution which has” in closing provisions.

Subsec. (d)(4)(C). Pub. L. 103-208, § 2(f)(2), substituted “150 percent of the difference between the income protection allowance for a family of five with one in college and the income protection allowance for a family of six with one in college” for “three-fourths in the Pell Grant family size offset”.

Subsecs. (e)(2), (h)(4)(B). Pub. L. 103-208, § 2(f)(3), (4), realigned margins.

1992—Subsec. (a)(1)(A). Pub. L. 102-325, § 462(a), substituted “allocated to such institution” for “such institution received”.

Subsec. (e). Pub. L. 102-325, § 462(b), designated existing provisions as par. (1) and added par. (2).

Subsec. (f). Pub. L. 102-325, § 462(c), substituted “default reduction and default penalties” for “Default penalty” in heading and amended text generally. Prior to amendment, text read as follows: “For any institution which has a default rate which equals or exceeds 7.5 percent but does not exceed the maximum default rate applicable to the award year under subsection (g) of this section, the institution's default penalty is a percentage equal to the complement of such default rate. For any institution which has a default rate that does not exceed 7.5 percent, the institution's default penalty is equal to one.”

Subsec. (g). Pub. L. 102-325, § 462(d), amended subsec. (g) generally. Prior to amendment, subsec. (g) read as follows:

“(1) For award years 1988, 1989, and 1990, the applicable maximum default rate is 20 percent.

“(2) For award year 1991 and subsequent years, the applicable maximum default rate is 15 percent.”

Subsec. (h). Pub. L. 102-325, § 462(e), substituted “Definitions of default rate and cohort default rate” for “Definition of default rate” in heading, in par. (1) substituted “For any award year prior to award year 1994, for the purpose” for “For the purpose”, added par. (3), redesignated former par. (3) as (4), substituted “240” for “120” in par. (4)(A), and amended par. (4)(B) generally. Prior to amendment, par. (4)(B) read as follows: “180 days (in the case of a loan repayable quarterly).”

Subsec. (j). Pub. L. 102-325, § 462(f), amended subsec. (j) generally. Prior to amendment, subsec. (j) read as

follows: “If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall, in accordance with regulations, reallocate such excess to other institutions.”

1987—Subsec. (a)(1)(A). Pub. L. 100-50, § 13(a), amended subpar. (A) generally, substituting “of Federal capital contribution such institution received” for “such institution expended”.

Subsec. (d)(3), (4). Pub. L. 100-50, § 13(b), redesignated par. (3), defining “average cost of attendance” and calculating average undergraduate and graduate and professional tuition and fees, standard living expenses, and allowance for books and supplies, as (4).

Subsec. (e). Pub. L. 100-50, § 13(c), struck out “; cash on hand” after “collections” in heading.

Subsec. (f). Pub. L. 100-50, § 13(d), substituted “subsection (g) of this section” for “paragraph (2)”.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**EFFECTIVE DATE OF 1987 AMENDMENT**

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

**EFFECTIVE DATE**

Section applicable with respect to academic year 1988-1989 and succeeding academic years, see section 405(b) of Pub. L. 99-498, as amended, set out as a note under section 1087dd of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1087c, 1087aa, 1087cc, 1087dd, 1087ff, 1087gg, 1089, 1095 of this title.

**§ 1087cc. Agreements with institutions of higher education****(a) Contents of agreements**

An agreement with any institution of higher education for the payment of Federal capital contributions under this part shall—

(1) provide for the establishment and maintenance of a student loan fund for the purpose of this part;

(2) provide for the deposit in such fund of—  
(A) Federal capital contributions from funds appropriated under section 1087aa of this title;

(B) a capital contribution—

(i) by an institution that—

(I) is granted permission by the Secretary to participate in an Expanded Lending Option under the program, and

(II) has a default rate which does not exceed 7.5 percent for award year 1993-1994 and has a cohort default rate which does not exceed 15 percent for award year 1994-1995 or for any succeeding award year,

in an amount not less than the amount of the Federal capital contributions described in subparagraph (A); or

(ii) by any other institution, in an amount not less than three-seventeenths of such Federal capital contribution in fiscal year 1993, and one-third of such Federal capital contribution in each of the suc-

ceeding fiscal years, of the amount of the Federal capital contributions described in subparagraph (A);

(C) collections of principal and interest on student loans made from deposited funds;

(D) charges collected pursuant to regulations under section 1087dd(c)(1)(H) of this title; and

(E) any other earnings of the funds;

(3) provide that such student loan fund shall be used only for—

(A) loans to students, in accordance with the provisions of this part;

(B) administrative expenses, as provided in subsection (b) of this section;

(C) capital distributions, as provided in section 1087ff of this title; and

(D) costs of litigation, and other collection costs agreed to by the Secretary in connection with the collection of a loan from the fund (and interest thereon) or a charge assessed pursuant to regulations under section 1087dd(c)(1)(H) of this title;

(4) provide that where a note or written agreement evidencing a note has been in default for (A) 120 days, in the case of a loan which is repayable in monthly installments, or (B) 180 days, in the case of a loan which is repayable in less frequent installments, notice of such default shall be given to the Secretary in an annual report describing the total number of loans from such fund which are in such default;

(5) provide that where a note or written agreement evidencing a loan has been in default despite due diligence on the part of the institution in attempting collection thereon—

(A) if the institution has knowingly failed to maintain an acceptable collection record with respect to such loan, as determined by the Secretary in accordance with criteria established by regulation, the Secretary may—

(i) require the institution to assign such note or agreement to the Secretary, without recompense; and

(ii) apportion any sums collected on such a loan, less an amount not to exceed 30 percent of any sums collected to cover the Secretary's collection costs, among other institutions in accordance with section 1087bb of this title; or

(B) if the institution is not one described in subparagraph (A), the Secretary may—

(i) allow such institution to transfer its interest in such loan to the Secretary, for collection, and the Secretary may use any collections thereon (less an amount not to exceed 30 percent of any such sums collected to cover the Secretary's collection costs) to make allocations to institutions of additional capital contributions in accordance with section 1087bb of this title; or

(ii) allow such institution to refer such note or agreement to the Secretary, without recompense, except that any sums collected on such a loan (less an amount not to exceed 30 percent of any such sums col-

lected to cover the Secretary's collection costs) shall be repaid to such institution no later than 180 days after collection by the Secretary and treated as an additional capital contribution;

(6) provide that, if an institution of higher education determines not to service and collect student loans made available from funds under this part, the institution will assign, at the beginning of the repayment period, notes or evidence of obligations of student loans made from such funds to the Secretary and the Secretary shall apportion any sums collected on such notes or obligations (less an amount not to exceed 30 percent of any such sums collected to cover that Secretary's collection costs) among other institutions in accordance with section 1087bb of this title;

(7) provide that, notwithstanding any other provision of law, the Secretary will provide to the institution any information with respect to the names and addresses of borrowers or other relevant information which is available to the Secretary, from whatever source such information may be derived;

(8) provide assurances that the institution will comply with the provisions of section 1087cc-1 of this title;

(9) provide that the institution of higher education will make loans first to students with exceptional need; and

(10) include such other reasonable provisions as may be necessary to protect the United States from unreasonable risk of loss and as are agreed to by the Secretary and the institution.

#### **(b) Administrative expenses**

An institution which has entered into an agreement under subsection (a) of this section shall be entitled, for each fiscal year during which it makes student loans from a student loan fund established under such agreement, to a payment in lieu of reimbursement for its expenses in administering its student loan program under this part during such year. Such payment shall be made in accordance with section 1096 of this title.

#### **(c) Cooperative agreements with credit bureau organizations**

(1) For the purpose of promoting responsible repayment of loans made pursuant to this part, the Secretary shall enter into cooperative agreements with credit bureau organizations to provide for the exchange of information concerning student borrowers concerning whom the Secretary has received a referral pursuant to section 1087gg of this title.

(2) Each cooperative agreement made pursuant to paragraph (1) shall be made in accordance with the requirements of section 1080a of this title except that such agreement shall provide for the disclosure by the Secretary to such organizations, with respect to any loan for which the Secretary is responsible, of—

(A) the date of disbursement and the amount of any such loan;

(B) information concerning collection of any such loan, including information concerning the status of any defaulted loan; and

(C) the date of cancellation of the note upon completion of repayment by the borrower of any such loan.

(3) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 1681c of title 15, a consumer reporting agency may make a report containing information received from the Secretary regarding the status of a borrower's account on a loan made under this part until—

(A) 7 years from the date on which the Secretary accepted an assignment or referral of a loan, or

(B) 7 years from the date the Secretary first reports the account to a consumer reporting agency.

(4) Each institution of higher education, after consultation with the Secretary and pursuant to the agreements entered into under paragraph (1), shall disclose at least annually to any credit bureau organization with which the Secretary has such an agreement—

(A) the amount of loans made to any borrower under this part at the time of the disbursement of the loan; and

(B) the information set forth in section 1080a(a) of this title.

**(d) Limitation on use of interest bearing accounts**

In carrying out the provisions of subsection (a)(10) of this section, the Secretary may not require that any collection agency, collection attorney, or loan servicer collecting loans made under this part deposit amounts collected on such loans in interest bearing accounts, unless such agency, attorney, or servicer holds such amounts for more than 45 days.

**(e) Special due diligence rule**

In carrying out the provisions of subsection (a)(5) of this section relating to due diligence, the Secretary shall make every effort to ensure that institutions of higher education may use Internal Revenue Service skip-tracing collection procedures on loans made under this part.

(Pub. L. 89–329, title IV, § 463, as added Pub. L. 99–498, title IV, § 405(a), Oct. 17, 1986, 100 Stat. 1444; amended Pub. L. 100–50, § 13(e), (f), June 3, 1987, 101 Stat. 349; Pub. L. 102–325, title IV, § 463(a), (b), July 23, 1992, 106 Stat. 579; Pub. L. 103–208, § 2(f)(5)–(7), Dec. 20, 1993, 107 Stat. 2471.)

**PRIOR PROVISIONS**

A prior section 1087cc, Pub. L. 89–329, title IV, § 463, as added Pub. L. 92–318, title I, § 137(b), June 23, 1972, 86 Stat. 274; amended Pub. L. 94–482, title I, § 130(c), Oct. 12, 1976, 90 Stat. 2146; Pub. L. 96–374, title IV, §§ 442(b)(1)–(4), 445(a), (b)(1), 447(a), 448(b), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1439, 1440, 1442, 1443, 1503; Pub. L. 99–272, title XVI, §§ 16025, 16026, Apr. 7, 1986, 100 Stat. 352, 353, related to agreements with institutions of higher education, prior to the general revision of this part by Pub. L. 99–498.

**AMENDMENTS**

1993—Subsec. (a)(2)(B)(i)(II). Pub. L. 103–208, § 2(f)(5), substituted “7.5 percent for award year 1993–1994 and has a cohort default rate which does not exceed 15 percent for award year 1994–1995 or for any succeeding award year” for “7.5 percent”.

Subsec. (c)(4). Pub. L. 103–208, § 2(f)(6), substituted “shall disclose at least annually” for “shall disclose” in introductory provisions.

Subsecs. (d), (e). Pub. L. 103–208, § 2(f)(7), added subsecs. (d) and (e).

1992—Subsec. (a)(2)(B). Pub. L. 102–325, § 463(a), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: “a capital contribution by such institution in an amount equal to not less than one-ninth of the amount of the Federal capital contributions described in subparagraph (A);”.

Subsec. (c)(3)(B). Pub. L. 102–325, § 463(b)(1), struck out “, if that account has not been previously reported by any other holder of the note” after “agency”.

Subsec. (c)(4). Pub. L. 102–325, § 463(b)(2), added par. (4).

1987—Subsec. (a)(4). Pub. L. 100–50, § 13(e), substituted “in an annual report” for “in a report” and struck out “, and made to the Secretary at least semiannually” after “in such default”.

Subsec. (b). Pub. L. 100–50, § 13(f), substituted “section 1096 of this title” for “section 1092 of this title”.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1003 of this title.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102–325 effective July 23, 1992, except that changes made in subsec. (a)(2)(B), relating to the matching of Federal capital contributions, applicable to funds provided for such program for award years beginning on or after July 1, 1993, see section 468 of Pub. L. 102–325, set out as a note under section 1087dd of this title.

**EFFECTIVE DATE OF 1987 AMENDMENT**

Amendment by Pub. L. 100–50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99–498, see section 27 of Pub. L. 100–50, set out as a note under section 1001 of this title.

**EFFECTIVE DATE**

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99–498, set out as a note under section 1001 of this title.

Subsection (a)(9) of this section applicable only to loans made for periods of enrollment beginning on or after July 1, 1987, see section 405(b) of Pub. L. 99–498, set out as a note under section 1087dd of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1087aa, 1087bb, 1087cc–1, 1087dd, 1087gg, 1091a, 1096 of this title.

**§ 1087cc–1. Student loan information by eligible institutions**

**(a) Disclosure required prior to disbursement**

Each institution of higher education, in order to carry out the provisions of section 1087cc(a)(8) of this title, shall, at or prior to the time such institution makes a loan to a student borrower which is made under this part, provide thorough and adequate loan information on such loan to the student borrower. Any disclosure required by this subsection may be made by an institution of higher education as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosures shall include—

(1) the name of the institution of higher education, and the address to which communications and payments should be sent;

(2) the principal amount of the loan;



(3) the amount of any charges collected by the institution at or prior to the disbursement of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;

(4) the stated interest rate on the loan;

(5) the yearly and cumulative maximum amounts that may be borrowed;

(6) an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;

(7) a statement as to the minimum and maximum repayment term which the institution may impose, and the minimum monthly payment required by law and a description of any penalty imposed as a consequence of default, such as liability for expenses reasonably incurred in attempts by the Secretary or institutions to collect on a loan;

(8) a statement of the total cumulative balance, including the loan applied for, owed by the student to that lender, and an estimate of the projected monthly payment, given such cumulative balance;

(9) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

(10) a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to the Department of Defense educational loan repayment program (10 U.S.C. 2172);<sup>1</sup>

(11) a definition of default and the consequences to the borrower if the borrower defaults, together with a statement that the disbursement of, and the default on, a loan under this part, shall be reported to a credit bureau or credit reporting agency;

(12) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

(13) an explanation of any cost the borrower may incur in the making or collection of the loan.

#### (b) Disclosure required prior to repayment

Each institution of higher education shall enter into an agreement with the Secretary under which the institution will, prior to the start of the repayment period of the student borrower on loans made under this part, disclose to the student borrower the information required under this subsection. Any disclosure required by this subsection may be made by an institution of higher education either in a promissory note evidencing the loan or loans or in a written statement provided to the borrower. The disclosures shall include—

(1) the name of the institution of higher education, and the address to which communications and payments should be sent;

(2) the scheduled date upon which the repayment period is to begin;

(3) the estimated balance owed by the borrower on the loan or loans covered by the disclosure as of the scheduled date on which the repayment period is to begin (including, if applicable, the estimated amount of interest to be capitalized);

(4) the stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates;

(5) the nature of any fees which may accrue or be charged to the borrower during the repayment period;

(6) the repayment schedule for all loans covered by the disclosure including the date the first installment is due, and the number, amount, and frequency of required payments;

(7) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

(8) the projected total of interest charges which the borrower will pay on the loan or loans, assuming that the borrower makes payments exactly in accordance with the repayment schedule; and

(9) a statement that the borrower has the right to prepay all or part of the loan or loans covered by the disclosure at any time without penalty.

#### (c) Costs and effects of disclosures

Such information shall be available without cost to the borrower. The failure of an eligible institution to provide information as required by this section shall not (1) relieve a borrower of the obligation to repay a loan in accordance with its terms, (2) provide a basis for a claim for civil damages, or (3) be deemed to abrogate the obligation of the Secretary to make payments with respect to such loan.

(Pub. L. 89-329, title IV, §463A, as added Pub. L. 99-498, title IV, §405(a), Oct. 17, 1986, 100 Stat. 1446; amended Pub. L. 100-50, §13(g), (h), June 3, 1987, 101 Stat. 349; Pub. L. 102-325, title IV, §463(c), July 23, 1992, 106 Stat. 579; Pub. L. 103-208, §2(f)(8), Dec. 20, 1993, 107 Stat. 2471.)

#### REFERENCES IN TEXT

Section 2172 of title 10, referred to in subsec. (a)(10), was renumbered section 16302 of Title 10, Armed Forces, by Pub. L. 103-337, div. A, title XVI, §1663(d)(2)(A), Oct. 5, 1994, 108 Stat. 3009.

#### PRIOR PROVISIONS

A prior section 1087cc-1, Pub. L. 89-329, title IV, §463A, as added Pub. L. 96-374, title IV, §447(b), Oct. 3, 1980, 94 Stat. 1443; amended Pub. L. 97-301, §13, Oct. 13, 1982, 96 Stat. 1405; Pub. L. 98-79, §3(b), Aug. 15, 1983, 97 Stat. 478; Pub. L. 99-272, title XVI, §16027, Apr. 7, 1986, 100 Stat. 353, related to student loan information to be provided by institutions, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsecs. (d), (e). Pub. L. 103-208 struck out subsecs. (d) and (e), which read as follows:

“(d) LIMITATION ON USE OF INTEREST BEARING ACCOUNTS.—In carrying out the provisions of subsection (a)(10) of this section, the Secretary may not require that any collection agency, collection attorney, or loan servicer collecting loans made under this part deposit amounts collected on such loans in interest bearing accounts, unless such agency, attorney, or servicer holds such amounts for more than 45 days.

<sup>1</sup> See References in Text note below.

“(e) SPECIAL DUE DILIGENCE RULE.—In carrying out the provisions of subsection (a)(5) of this section relating to due diligence, the Secretary shall make every effort to ensure that institutions of higher education may use Internal Revenue Service skip-tracing collection procedures on loans made under this part.”

1992—Subsec. (a)(11). Pub. L. 102-325, §463(c)(1), substituted “together with a statement that the disbursement of, and the default on, a loan under this part, shall be” for “including a statement that the default may be”.

Subsecs. (d), (e). Pub. L. 102-325, §463(c)(2), added subsecs. (d) and (e).

1987—Subsec. (a)(8). Pub. L. 100-50, §13(g), added par. (8) and struck out former par. (8) which read as follows: “a statement of the total cumulative balance owed by the student to that institution, the projected level of indebtedness of the student based on a 2- or 4-year college career, and an estimate of the projected monthly repayment given the level of indebtedness over a 2-, 4-, or 5-year college career;”.

Subsec. (a)(10). Pub. L. 100-50, §13(h), substituted “the Department of Defense educational loan repayment program (10 U.S.C. 2172)” for “section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note)”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section applicable only to loans made for periods of enrollment beginning on or after July 1, 1987, see section 405(b) of Pub. L. 99-498, as amended, set out as a note under section 1087dd of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1087cc of this title.

### § 1087dd. Terms of loans

#### (a) Terms and conditions

(1) Loans from any student loan fund established pursuant to an agreement under section 1087cc of this title to any student by any institution shall, subject to such conditions, limitations, and requirements as the Secretary shall prescribe by regulation, be made on such terms and conditions as the institution may determine.

(2)(A) Except as provided in paragraph (4), the total of loans made to a student in any academic year or its equivalent by an institution of higher education from a loan fund established pursuant to an agreement under this part shall not exceed—

(i) for institutions that have an agreement with the Secretary to participate in the Expanded Lending Option under section 1087cc(a)(2)(B)(i) of this title—

(I) \$4,000, in the case of a student who has not successfully completed a program of undergraduate education; or

(II) \$6,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

(ii) for all other institutions—

(I) \$3,000, in the case of a student who has not successfully completed a program of undergraduate education; or

(II) \$5,000, in the case of a graduate or professional student (as defined in regulations issued by the Secretary).

(B) Except as provided in paragraph (4), the aggregate of the loans for all years made to a student by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

(i) for institutions that have an agreement with the Secretary to participate in the Expanded Lending Option under section 1087cc(a)(2)(B)(i) of this title—

(I) \$40,000 in the case of any graduate or professional student (as defined by regulations of the Secretary, and including any loans from such funds made to such person before he became a graduate or professional student);

(II) \$20,000 in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

(III) \$8,000 in the case of any other student; or

(ii) for all other institutions—

(I) \$15,000, in the case of any student who has not successfully completed a program of undergraduate education; or

(II) \$30,000, in the case of any graduate or professional student (as defined by regulations issued by the Secretary) and including any loans from such funds made to such student before the student became a graduate or professional student.

(3) Regulations of the Secretary under paragraph (1) shall be designed to prevent the impairment of the capital student loan funds to the maximum extent practicable and with a view toward the objective of enabling the student to complete his course of study.

(4) In the case of a program of study abroad that is approved for credit by the home institution at which a student is enrolled and that has reasonable costs in excess of the home institution's budget, the annual and aggregate loan limits for the student may exceed the amounts described in paragraphs (2)(A) and (2)(B) by 20 percent.

#### (b) Demonstration of need and eligibility required

(1) A loan from a student loan fund assisted under this part may be made only to a student who demonstrates financial need in accordance with part E of this subchapter, who meets the requirements of section 1091 of this title, and who provides the institution with the student's drivers license number, if any, at the time of application for the loan.

(2) If the institution's capital contribution under section 1087bb of this title is directly or indirectly based in part on the financial need

demonstrated by students who are (A) attending the institution less than full time, or (B) independent students, and if the total financial need of all such less than full-time and independent students at the institution exceeds 5 percent of the total financial need of all students at such institution, then at least 5 percent of such loans shall be made available to such less than full-time and independent students.

**(c) Contents of loan agreement**

(1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part—

(A) shall be evidenced by note or other written instrument which, except as provided in paragraph (2), provides for repayment of the principal amount of the loan, together with interest thereon, in equal installments (or, if the borrower so requests, in graduated periodic installments determined in accordance with such schedules as may be approved by the Secretary) payable quarterly, bimonthly, or monthly, at the option of the institution, over a period beginning nine months after the date on which the student ceases to carry, at an institution of higher education or a comparable institution outside the United States approved for this purpose by the Secretary, at least one-half the normal full-time academic workload, and ending 10 years and 9 months after such date except that such period may begin earlier than 9 months after such date upon the request of the borrower;

(B) shall include provision for acceleration of repayment of the whole, or any part, of such loan, at the option of the borrower;

(C)(i) may provide, at the option of the institution, in accordance with regulations of the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to the student from a student loan fund assisted under this part shall be at a rate equal to not less than \$40 per month, except that the institution may, subject to such regulations, permit a borrower to pay less than \$40 per month for a period of not more than one year where necessary to avoid hardship to the borrower, but without extending the 10-year maximum repayment period provided for in subparagraph (A) of this paragraph; and

(ii) may provide that the total payments by a borrower for a monthly or similar payment period with respect to the aggregate of all loans held by the institution may, when the amount of a monthly or other similar payment is not a multiple of \$5, be rounded to the next highest whole dollar amount that is a multiple of \$5;

(D) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at the rate of (i) 3 percent per year, (ii) 4 percent per year in the case of any loan made on or after July 1, 1981, or (iii) 5 percent per year in the case of any loan made on or after October 1, 1981, except that no interest shall accrue (I) prior to the beginning date of repayment determined under subparagraph (A)(i), or (II) during any period in which repayment is suspended by reason of paragraph (2);

(E) shall provide that the loan shall be made without security and without endorsement;

(F) shall provide that the liability to repay the loan shall be canceled upon the death of the borrower, or if he becomes permanently and totally disabled as determined in accordance with regulations of the Secretary;

(G) shall provide that no note or evidence of obligation may be assigned by the lender, except upon the transfer of the borrower to another institution participating under this part (or, if not so participating, is eligible to do so and is approved by the Secretary for such purpose), to such institution, and except as necessary to carry out section 1087cc(a)(6) of this title;

(H) pursuant to regulations of the Secretary, shall provide for an assessment of a charge with respect to the loan for failure of the borrower to pay all or part of an installment when due, which shall include the expenses reasonably incurred in attempting collection of the loan, to the extent permitted by the Secretary, except that no charge imposed under this subparagraph shall exceed 20 percent of the amount of the monthly payment of the borrower; and

(I) shall contain a notice of the system of disclosure of information concerning default on such loan to credit bureau organizations under section 1087cc(c) of this title.

(2)(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period—

(i) during which the borrower—

(I) is pursuing at least a half-time course of study as determined by an eligible institution; or

(II) is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary,

except that no borrower shall be eligible for a deferment under this clause, or loan made under this part while serving in a medical internship or residency program;

(ii) not in excess of 3 years during which the borrower is seeking and unable to find full-time employment;

(iii) not in excess of 3 years for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 1085(o) of this title, has caused or will cause the borrower to have an economic hardship; or

(iv) during which the borrower is engaged in service described in section 1087ee(a)(2) of this title;

and provides that any such period shall not be included in determining the 10-year period described in subparagraph (B).

(B) No repayment of principal of, or interest on, any loan for any period described in subparagraph (A) shall begin until 6 months after the completion of such period.

(3)(A) The Secretary is authorized, when good cause is shown, to extend, in accordance with regulations, the 10-year maximum repayment

period provided for in subparagraph (A) of paragraph (1) with respect to individual loans.

(B) Pursuant to uniform criteria established by the Secretary, the repayment period for any student borrower who during the repayment period is a low-income individual may be extended for a period not to exceed 10 years and the repayment schedule may be adjusted to reflect the income of that individual.

(4) The repayment period for a loan made under this part shall begin on the day immediately following the expiration of the period, specified in paragraph (1)(A), after the student ceases to carry the required academic workload, unless the borrower requests and is granted a repayment schedule that provides for repayment to commence at an earlier point in time, and shall exclude any period of authorized deferment, forbearance, or cancellation.

(5) The institution may elect—

(A) to add the amount of any charge imposed under paragraph (1)(H) to the principal amount of the loan as of the first day after the day on which the installment was due and to notify the borrower of the assessment of the charge; or

(B) to make the amount of the charge payable to the institution not later than the due date of the next installment.

(6) Requests for deferment of repayment of loans under this part by students engaged in graduate or post-graduate fellowship-supported study (such as pursuant to a Fulbright grant) outside the United States shall be approved until completion of the period of the fellowship.

**(d) Availability of loan fund to all eligible students**

An agreement under this part for payment of Federal capital contributions shall include provisions designed to make loans from the student loan fund established pursuant to such agreement reasonably available (to the extent of the available funds in such fund) to all eligible students in such institutions in need thereof.

**(e) Forbearance**

The Secretary shall ensure that, upon written request, an institution of higher education shall grant a borrower forbearance of principal and interest or principal only, renewable at 12-month intervals for a period not to exceed 3 years, on such terms as are otherwise consistent with the regulations issued by the Secretary and agreed upon in writing by the parties to the loan, if—

(1) the borrower's debt burden equals or exceeds 20 percent of such borrower's gross income; or

(2) the institution determines that the borrower should qualify for forbearance for other reasons.

**(f) Special repayment rule authority**

(1) Subject to such restrictions as the Secretary may prescribe to protect the interest of the United States, in order to encourage repayment of loans made under this part which are in default, the Secretary may, in the agreement entered into under this part, authorize an institution of higher education to compromise on the repayment of such defaulted loans in accordance

with paragraph (2). The Federal share of the compromise repayment shall bear the same relation to the institution's share of such compromise repayment as the Federal capital contribution to the institution's loan fund under this part bears to the institution's capital contribution to such fund.

(2) No compromise repayment of a defaulted loan as authorized by paragraph (1) may be made unless the student borrower pays—

(A) 90 percent of the loan under this part;

(B) the interest due on such loan; and

(C) any collection fees due on such loan;

in a lump sum payment.

(Pub. L. 89-329, title IV, § 464, as added Pub. L. 99-498, title IV, § 405(a), Oct. 17, 1986, 100 Stat. 1448; amended Pub. L. 100-50, § 13(i), June 3, 1987, 101 Stat. 349; Pub. L. 100-369, § 7(c), July 18, 1988, 102 Stat. 837; Pub. L. 101-239, title II, § 2002(a)(3), Dec. 19, 1989, 103 Stat. 2111; Pub. L. 102-325, title IV, § 464, July 23, 1992, 106 Stat. 580; Pub. L. 103-208, § 2(f)(9)–(11), Dec. 20, 1993, 107 Stat. 2471.)

**PRIOR PROVISIONS**

A prior section 1087dd, Pub. L. 89-329, title IV, § 464, as added Pub. L. 92-318, title I, § 137(b), June 23, 1972, 86 Stat. 275; amended Pub. L. 94-482, title I, § 130(d)–(g)(1), Oct. 12, 1976, 90 Stat. 2147; Pub. L. 95-43, § 1(a)(39), June 15, 1977, 91 Stat. 217; Pub. L. 96-374, title IV, §§ 442(b)(5), 443, 444, 445(b)(2), 446, 448(c), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1440–1443, 1503; Pub. L. 97-35, title V, § 539, Aug. 13, 1981, 95 Stat. 458; Pub. L. 99-272, title XVI, § 16028, Apr. 7, 1986, 100 Stat. 353, related to terms and conditions of loans, prior to the general revision of this part by Pub. L. 99-498.

**AMENDMENTS**

1993—Subsec. (c)(2)(B). Pub. L. 103-208, § 2(f)(9), substituted “repayment of” for “repayment or”.

Subsec. (c)(6). Pub. L. 103-208, § 2(f)(10), substituted “Fulbright” for “Fullbright”.

Subsec. (e). Pub. L. 103-208, § 2(f)(11), substituted “principal” for “principle” before “only”.

1992—Subsec. (a)(2). Pub. L. 102-325, § 464(a), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “The aggregate of the loans for all years made by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

“(A) \$18,000 in the case of any graduate or professional student (as defined by regulations of the Secretary, and including any loans from such funds made to such person before he became a graduate or professional student);

“(B) \$9,000 in the case of a student who has successfully completed 2 years of a program of education leading to a bachelor's degree, but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

“(C) \$4,500 in the case of any other student.”

Subsec. (a)(4). Pub. L. 102-325, § 464(b), added par. (4).

Subsec. (b)(1). Pub. L. 102-325, § 464(c)(1), substituted “this subchapter, who meets the requirements of section 1091 of this title, and who provides the institution with the student's drivers license number, if any, at the time of application for the loan” for “this subchapter and who meets the requirements of section 1091 of this title”.

Subsec. (b)(2). Pub. L. 102-325, § 464(c)(2), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “If the institution's Federal capital contribution under section 1087bb of this title is directly or indirectly based in part on the financial need demonstrated by students attending the institution less than full

time, a reasonable proportion of the loans under this part shall be made available to such students.”

Subsec. (c)(1)(C)(i). Pub. L. 102-325, § 464(d), substituted “\$40” for “\$30” in two places.

Subsec. (c)(1)(E). Pub. L. 102-325, § 464(e), struck out “unless the borrower is a minor and the note or other evidence of obligation executed by him would not, under applicable law, create a binding obligation,” before “shall provide”.

Subsec. (c)(2)(A). Pub. L. 102-325, § 464(f), amended subpar. (A) generally, revising and restating as cls. (i) to (iv) provisions formerly contained in cls. (i) to (ix).

Subsec. (c)(2)(B), (C). Pub. L. 102-325, § 464(g)(1), added subpar. (B) and struck out former subpars. (B) and (C) which read as follows:

“(B) Any period during which repayment is deferred under subparagraph (A) shall not be included in computing the 10-year maximum period provided for in subparagraph (A) of paragraph (1).

“(C) No repayment of principal of, or interest on, any loan for any period of study, service, or disability described in subparagraph (A) or any combination thereof shall begin until 6 months after the completion of such period of study, service, disability, or combination thereof.”

Subsec. (c)(4) to (6). Pub. L. 102-325, § 464(g)(2)–(4), added par. (4), redesignated former par. (4) as (5), and added par. (6).

Subsecs. (e), (f). Pub. L. 102-325, § 464(h), added subsecs. (e) and (f).

1989—Subsec. (c)(2)(A)(i). Pub. L. 101-239 inserted before semicolon at end “, except that no borrower shall be eligible for a deferment under this clause, or a loan made under this part (other than a loan made under section 1078-2 or 1078-3 of this title), while serving in a medical internship or residency program”.

1988—Subsec. (c)(2)(A)(v). Pub. L. 100-369 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

1987—Subsec. (c)(2)(A)(vi). Pub. L. 100-50 inserted “or serving in an internship or residency program leading to a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that offers postgraduate training” before semicolon at end.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Section 468 of Pub. L. 102-325, as amended by Pub. L. 102-394, title III, § 307(a), Oct. 6, 1992, 106 Stat. 1820, provided that: “The changes made in part E of title IV of the Act [20 U.S.C. 1087aa et seq.] by the amendments made by this part [part E (§§ 461-468) of title IV of Pub. L. 102-325, enacting section 1087ii of this title and amending sections 1087aa to 1087gg of this title] shall take effect on the date of enactment of this Act [July 23, 1992], except that—

“(1) the changes in section 463(a)(2)(B) [20 U.S.C. 1087cc(a)(2)(B)], relating to the matching of Federal capital contributions, shall apply to funds provided for such program for the award years beginning on or after July 1, 1993;

“(2) the changes made in section 464(c)(1)(C) [20 U.S.C. 1087dd(c)(1)(C)], relating to minimum monthly payments shall apply with respect to loans for which the first disbursement is made on or after October 1, 1992, to an individual who, on the date the loan is made, has no outstanding balance of principal or interest owing on any loan made under part E of title IV of the Act;

“(3) the changes made in section 464(c)(2)(A), relating to deferments, shall apply with respect to loans

for which the first disbursement is made on or after July 1, 1993;

“(4) the changes made in section 467 [20 U.S.C. 1087gg], relating to the creation of a Perkins Loan Revolving Fund, shall take effect on September 15, 1997; and

“(5) the changes in section 464(a)(2)(A), (B) and (C) shall not apply to any loan made for the award year beginning July 1, 1992 provided that the loan does not result in a violation of section 464(a)(2)(A), (B) and (C) as in effect prior to such date of enactment.”

[Pub. L. 102-394, title III, § 307(b), Oct. 6, 1992, 106 Stat. 1820, provided that: “The amendments made by subsection (a) [amending section 468 of Pub. L. 102-325, set out above] shall take effect as if enacted on July 23, 1992.”]

#### EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 applicable to any loan made, insured, or guaranteed under this part or part B of this subchapter, including a loan made before Dec. 19, 1989, and amendment effective Jan. 1, 1990, but inapplicable with respect to any portion of a period of deferment granted to a borrower under section 1077(a)(2)(C)(i), 1078(b)(1)(M)(i), or 1087dd(c)(2)(A)(i) of this title for service in a medical internship or residency program completed prior to Dec. 19, 1989, see section 2002(a)(4) of Pub. L. 101-239, set out as a note under section 1077 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Section 405(b) of Pub. L. 99-498, as amended by Pub. L. 100-50, § 22(d), June 3, 1987, 101 Stat. 361, provided that:

“(1) Section 462 of the Act [20 U.S.C. 1087bb] shall apply with respect to academic year 1988-1989 and succeeding academic years.

“(2) The changes made in sections 464(c)(1)(A), 464(c)(2), and 465(a)(2)(E) of the Act [20 U.S.C. 1087dd(c)(1)(A), (2), 1087ee(a)(2)(E)] shall apply only to loans made to cover the costs of instruction for periods of enrollment beginning on or after July 1, 1987, to individuals who are new borrowers on that date.

“(3) Section 463(a)(9) and section 463A of the Act [20 U.S.C. 1087cc(a)(9), 1087cc-1] as amended by this section shall apply only to loans made for periods of enrollment beginning on or after July 1, 1987.

“(4) For the purpose of this subsection, the term ‘new borrower’ means, with respect to any date, an individual who on that date has no outstanding balance of principal or interest owing on any loan made under part E of title IV of the Act [this part].”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1078-3, 1087bb, 1087cc, 1092 of this title.

### § 1087ee. Cancellation of loans for certain public service

#### (a) Cancellation of percentage of debt based on years of qualifying service

(1) The percent specified in paragraph (3) of this subsection of the total amount of any loan made after June 30, 1972, from a student loan fund assisted under this part shall be canceled for each complete year of service after such date by the borrower under circumstances described in paragraph (2).

(2) Loans shall be canceled under paragraph (1) for service—

(A) as a full-time teacher for service in an academic year in a public or other nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6301 et seq.], and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 111(c) of the Elementary and Secondary Education Act of 1965<sup>1</sup> exceeds 30 percent of the total enrollment of that school;

(B) as a full-time staff member in a pre-school program carried on under the Head Start Act [42 U.S.C. 9831 et seq.] which is operated for a period which is comparable to a full school year in the locality if the salary of such staff member is not more than the salary of a comparable employee of the local educational agency;

(C) as a full-time special education teacher, including teachers of infants, toddlers, children, or youth with disabilities in a public or other nonprofit elementary or secondary school system, or as a full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by the lead agency as authorized in section 1476(b)(9) of this title;

(D) as a member of the Armed Forces of the United States, for service that qualifies for special pay under section 310 of title 37 as an area of hostilities;

(E) as a volunteer under the Peace Corps Act [22 U.S.C. 2501 et seq.] or a volunteer under the Domestic Volunteer Service Act of 1973 [42 U.S.C. 4950 et seq.];

(F) as a full-time law enforcement officer or corrections officer for service to local, State, or Federal law enforcement or corrections agencies;

(G) as a full-time teacher of mathematics, science, foreign languages, bilingual education, or any other field of expertise where the State educational agency determines there is a shortage of qualified teachers;

(H) as a full-time nurse or medical technician providing health care services; or

(I) as a full-time employee of a public or private nonprofit child or family service agency who is providing, or supervising the provision of, services to high-risk children who are from low-income communities and the families of such children.

For the purpose of this paragraph, the term “children with disabilities” has the meaning set forth in section 1401(a)(1) of this title.

(3)(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is—

(i) in the case of service described in subparagraph (A), (C), (F), (G), (H), or (I) of para-

graph (2), at the rate of 15 percent for the first or second year of such service, 20 percent for the third or fourth year of such service, and 30 percent for the fifth year of such service;

(ii) in the case of service described in subparagraph (B) of paragraph (2), at the rate of 15 percent for each year of such service;

(iii) in the case of service described in subparagraph (D) of paragraph (2), not to exceed a total of 50 percent of such loan at the rate of 12½ percent for each year of qualifying service; or

(iv) in the case of service described in subparagraph (E) of paragraph (2) at the rate of 15 percent for the first or second year of such service and 20 percent for the third or fourth year of such service.

(B) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

(C) Nothing in this subsection shall be construed to authorize refunding of any repayment of a loan.

(4) For the purpose of this subsection, the term “year” where applied to service as a teacher means academic year as defined by the Secretary.

(5) The amount of a loan, and interest on a loan, which is canceled under this section shall not be considered income for purposes of title 26.

(6) No borrower may, for the same volunteer service, receive a benefit under both this section and subtitle D of title I of the National and Community Service Act of 1990 [42 U.S.C. 12601 et seq.].

#### **(b) Reimbursement for cancellation**

The Secretary shall pay to each institution for each fiscal year an amount equal to the aggregate of the amounts of loans from its student loan fund which are canceled pursuant to this section for such year, minus an amount equal to the aggregate of the amounts of any such loans so canceled which were made from Federal capital contributions to its student loan fund provided by the Secretary under section 1087hh of this title. None of the funds appropriated pursuant to section 1087aa(b) of this title shall be available for payments pursuant to this subsection.

#### **(c) Special rules**

##### **(1) List**

If the list of schools in which a teacher may perform service pursuant to subsection (a)(2)(A) of this section is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

##### **(2) Continuing eligibility**

Any teacher who performs service in a school which—

(A) meets the requirements of subsection (a)(2)(A) of this section in any year; and

(B) in a subsequent year fails to meet the requirements of such subsection,

may continue to teach in such school and shall be eligible for loan cancellation pursuant to

<sup>1</sup> See References in Text note below.

subsection (a)(1) of this section such subsequent years.

(Pub. L. 89-329, title IV, § 465, as added Pub. L. 99-498, title IV, § 405(a), Oct. 17, 1986, 100 Stat. 1451; amended Pub. L. 100-50, § 13(j), June 3, 1987, 101 Stat. 349; Pub. L. 100-369, § 7(c), July 18, 1988, 102 Stat. 837; Pub. L. 101-476, title IX, § 901(e), Oct. 30, 1990, 104 Stat. 1151; Pub. L. 101-647, title XXI, § 2101(a), (b), Nov. 29, 1990, 104 Stat. 4856; Pub. L. 102-119, § 26(h), Oct. 7, 1991, 105 Stat. 607; Pub. L. 102-325, title IV, § 465(a)-(c), July 23, 1992, 106 Stat. 582, 583; Pub. L. 103-82, title I, § 102(c)(3), Sept. 21, 1993, 107 Stat. 824; Pub. L. 103-208, § 2(f)(12)-(14), (k)(7), Dec. 20, 1993, 107 Stat. 2471, 2486; Pub. L. 103-382, title III, § 391(e)(3), Oct. 20, 1994, 108 Stat. 4022.)

#### REFERENCES IN TEXT

The Elementary and Secondary Education Act of 1965, referred to in subsec. (a)(2)(A), is Pub. L. 89-10, Apr. 11, 1965, 79 Stat. 27, as amended generally by Pub. L. 103-382, title I, § 101, Oct. 20, 1994, 108 Stat. 3519. Title I of the Act is classified generally to subchapter I (§ 6301 et seq.) of chapter 70 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6301 of this title and Tables.

Section 111(c) of the Elementary and Secondary Education Act of 1965, referred to in subsec. (a)(2)(A), was classified to section 2711(c) of this title, prior to its omission in the general revision of the Elementary and Secondary Education Act of 1965 by Pub. L. 100-297, title I, § 1001, Apr. 28, 1988, 102 Stat. 140.

The Head Start Act, referred to in subsec. (a)(2)(B), is subchapter B (§§ 635 to 657) of chapter 8 of subtitle A of title VI of Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 499, as amended, which is classified generally to subchapter II (§ 9831 et seq.) of chapter 105 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 9801 of Title 42 and Tables.

The Peace Corps Act, referred to in subsec. (a)(2)(E), is Pub. L. 87-293, Sept. 22, 1961, 75 Stat. 612, as amended, which is classified principally to chapter 34 (§ 2501 et seq.) of Title 22, Foreign Relations and Intercourse. For complete classification of this Act to the Code, see Short Title note set out under section 2501 of Title 22 and Tables.

The Domestic Volunteer Service Act of 1973, referred to in subsec. (a)(2)(E), is Pub. L. 93-113, Oct. 1, 1973, 87 Stat. 394, as amended, which is classified principally to chapter 66 (§ 4950 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 4950 of Title 42 and Tables.

The National and Community Service Act of 1990, referred to in subsec. (a)(6), is Pub. L. 101-610, Nov. 16, 1990, 104 Stat. 3127, as amended. Subtitle D of title I of the Act is classified generally to division D of subchapter I (§ 12601 et seq.) of chapter 129 of Title 42. For complete classification of this Act to the Code, see Short Title note set out under section 12501 of Title 42 and Tables.

#### CODIFICATION

Amendment by section 2(f)(14) of Pub. L. 103-208 (which was effective as if included in Pub. L. 102-325) was executed to this section as amended by Pub. L. 102-325 and Pub. L. 103-82, to reflect the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1087ee, Pub. L. 89-329, title IV, § 465, as added Pub. L. 92-318, title I, § 137(b), June 23, 1972, 86 Stat. 277; amended Pub. L. 95-561, title XIII, § 1323, Nov. 1, 1978, 92 Stat. 2363; Pub. L. 96-374, title IV, §§ 442(b)(6), 448(d), (e), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1440, 1443, 1503, related to cancellation of loans for cer-

tain public service, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1994—Subsec. (a)(2)(A). Pub. L. 103-382 substituted “title I of the Elementary and Secondary Education Act of 1965” for “chapter 1 of the Education Consolidation and Improvement Act of 1981”.

1993—Subsec. (a)(2)(A). Pub. L. 103-208, § 2(k)(7), amended Pub. L. 102-325, § 465(a)(1). See 1992 Amendment note below.

Subsec. (a)(2)(D). Pub. L. 103-208, § 2(f)(12), substituted “service” for “services”.

Subsec. (a)(2)(F). Pub. L. 103-208, § 2(f)(13), struck out “or” after semicolon at end.

Subsec. (a)(6). Pub. L. 103-208, § 2(f)(14), realigned margin. See Codification note above.

Pub. L. 103-82 added par. (6).

1992—Subsec. (a)(2)(A). Pub. L. 102-325, § 465(a)(1), as amended by Pub. L. 103-208, § 2(k)(7), struck out before semicolon at end “and such determination shall not be made with respect to more than 50 percent of the total number of schools in the State receiving assistance under such chapter 1”.

Subsec. (a)(2)(C). Pub. L. 102-325, § 465(a)(2), amended subpar. (C) generally. Prior to amendment, subpar. (C) read as follows: “as a full-time teacher of children with disabilities in a public or other nonprofit elementary or secondary school system;”.

Subsec. (a)(2)(G) to (I). Pub. L. 102-325, § 465(a)(3)-(5), added subpars. (G) to (I).

Subsec. (a)(3)(A)(i). Pub. L. 102-325, § 465(b), substituted “(A), (C), (F), (G), (H), or (I)” for “(A), (C), or (F)”.

Subsec. (c). Pub. L. 102-325, § 465(c), added subsec. (c). 1991—Subsec. (a)(2). Pub. L. 102-119 substituted “1401(a)(1)” for “1401(1)” in last sentence. The references to section 1401 include the substitution of “Individuals with Disabilities Education Act” for “Education of the Handicapped Act” in the original.

1990—Subsec. (a)(2). Pub. L. 101-476, § 901(e), substituted “children with disabilities” for “handicapped children” in two places.

Subsec. (a)(2)(F). Pub. L. 101-647, § 2101(a), which directed amendment of subsec. (a)(2) by adding at the end a new subpar. (F), was executed by adding subpar. (F) after subpar. (E) and before last sentence to reflect the probable intent of Congress.

Subsec. (a)(3)(A)(i). Pub. L. 101-647, § 2101(b), which directed amendment of subsec. (a)(3)(i) by substituting “(A), (C), or (F)” for “(A) or (C)”, was executed by making the substitution in subsec. (a)(3)(A)(i) to reflect the probable intent of Congress.

1988—Subsec. (a)(5). Pub. L. 100-369 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

1987—Subsec. (a)(2)(A). Pub. L. 100-50, § 13(j)(1), (2), substituted “chapter 1 of the Education Consolidation and Improvement Act of 1981” for “title I of the Elementary and Secondary Education Act of 1965” and “such chapter 1” for “such title I”.

Subsec. (a)(2)(B). Pub. L. 100-50, § 13(j)(3), substituted “the Head Start Act” for “section 2809(a)(1) of title 42”.

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

Amendment by Pub. L. 103-82 effective Oct. 1, 1993, see section 123 of Pub. L. 103-82, set out as a note under section 1701 of Title 16, Conservation.

#### EFFECTIVE DATE OF 1990 AMENDMENTS

Section 2101(c) of Pub. L. 101-647 provided that: “The amendments made by this section [amending this sec-

tion] shall apply only to loans made on or after the date of enactment of this Act [Nov. 29, 1990] under part E of title IV of the Higher Education Act of 1965 [this part].”

Section 1001 of Pub. L. 101-476 provided that: “The amendments made by this Act [see Short Title of 1990 Amendment note set out under section 1400 of this title] shall take effect October 1, 1990.”

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Subsection (a)(2)(E) of this section applicable only to loans made to cover the costs of instruction for periods of enrollment beginning on or after July 1, 1987, to individuals who are new borrowers on that date, see section 405(b) of Pub. L. 99-498, set out as a note under section 1087dd of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1078-10, 1087, 1087dd, 1087gg, 1092 of this title.

### § 1087ff. Distribution of assets from student loan funds

#### (a) In general

After September 30, 1996, and not later than March 31, 1997, there shall be a capital distribution of the balance of the student loan fund established under this part by each institution of higher education as follows:

(1) The Secretary shall first be paid an amount which bears the same ratio to the balance in such fund at the close of September 30, 1996, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to the sum of such Federal contributions and the institution's capital contributions to such fund.

(2) The remainder of such balance shall be paid to the institution.

#### (b) Distribution of late collections

After March 31, 2005, each institution with which the Secretary has made an agreement under this part, shall pay to the Secretary the same proportionate share of amounts received by this institution after September 30, 1996, in payment of principal and interest on student loans made from the student loan fund established pursuant to such agreement (which amount shall be determined after deduction of any costs of litigation incurred in collection of the principal or interest on loans from the fund and not already reimbursed from the fund or from such payments of principal or interest), as was determined for the Secretary under subsection (a) of this section.

#### (c) Distribution of excess capital

(1) Upon a finding by the institution or the Secretary prior to October 1, 1997, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may

be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

(A) The Secretary shall first be paid an amount which bears the same ratio to the total to be distributed as the Federal capital contributions by the Secretary to the student loan fund prior to such distribution bear to the sum of such Federal capital contributions and the capital contributions to the fund made by the institution.

(B) The remainder of the capital distribution shall be paid to the institution.

(2) No finding that the liquid assets of a student loan fund established under this part exceed the amount required under paragraph (1) may be made prior to a date which is 2 years after the date on which the institution of higher education received the funds from such institution's allocation under section 1087bb of this title.

(Pub. L. 89-329, title IV, § 466, as added Pub. L. 99-498, title IV, § 405(a), Oct. 17, 1986, 100 Stat. 1453; amended Pub. L. 102-325, title IV, § 466, July 23, 1992, 106 Stat. 584; Pub. L. 103-208, § 2(f)(15), Dec. 20, 1993, 107 Stat. 2471.)

#### PRIOR PROVISIONS

A prior section 1087ff, Pub. L. 89-329, title IV, § 466, as added Pub. L. 92-318, title I, § 137(b), June 23, 1972, 86 Stat. 278; amended Pub. L. 94-482, title I, § 130(h), Oct. 12, 1976, 90 Stat. 2147; Pub. L. 96-374, title IV, § 442(c), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1440, 1503, related to distribution of assets from student loan funds, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (c)(2). Pub. L. 103-208 realigned margin. 1992—Subsec. (b). Pub. L. 102-325, § 466(1), substituted “2005” for “1997”.

Subsec. (c). Pub. L. 102-325, § 466(2), designated existing provisions as par. (1), redesignated former pars. (1) and (2) as subpars. (A) and (B), respectively, and added par. (2).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087cc, 1087gg of this title.

### § 1087gg. Collection of defaulted loans

#### (a) Authority of Secretary to collect referred, transferred, or assigned loans

With respect to any loan—

(1) which was made under this part, and

(2) which is referred, transferred, or assigned to the Secretary by an institution with an agreement under section 1087cc(a) of this title,

the Secretary is authorized to attempt to collect such loan by any means authorized by law for collecting claims of the United States (including referral to the Attorney General for liti-



gation) and under such terms and conditions as the Secretary may prescribe, including reimbursement for expenses reasonably incurred in attempting such collection.

**(b) Collection of referred, transferred, or assigned loans**

The Secretary shall continue to attempt to collect any loan referred, transferred, or assigned under paragraph (5)(A), (5)(B)(i), or (6) of section 1087cc(a) of this title until all appropriate collection efforts, as determined by the Secretary, have been expended.

(Pub. L. 89-329, title IV, § 467, as added Pub. L. 99-498, title IV, § 405(a), Oct. 17, 1986, 100 Stat. 1453; amended Pub. L. 102-325, title IV, § 467, July 23, 1992, 106 Stat. 584.)

AMENDMENT OF SECTION

*Pub. L. 102-325, title IV, §§ 467, 468(4), July 23, 1992, 106 Stat. 584, 585, provided that effective Sept. 15, 1997, the section catchline is amended to read as follows: “Collection of defaulted loans: Perkins Loan Revolving Fund” and subsection (c) is added to read as follows:*

**(c) Perkins Loan Revolving Fund**

*(1) There is established a Perkins Loan Revolving Fund which shall be available without fiscal year limitation to the Secretary to make payments under this part, in accordance with paragraph (2) of this subsection. There shall be deposited in the Perkins Revolving Loan Fund—*

*(A) all funds collected by the Secretary on any loan referred, transferred, or assigned under paragraph (5)(A), (5)(B)(i), or (6) of section 1087cc(a) of this title;*

*(B) all funds collected by the Secretary on any loan referred under paragraph (5)(B)(ii) of section 1087cc(a) of this title;*

*(C) all funds paid to the Secretary under section 1087ff(c)(1)(A) of this title;*

*(D) all funds from a student loan fund under this part received by the Secretary as the result of the closure of an institution of higher education;*

*(E) all funds received by the Secretary as a result of an audit of a student loan fund established under this part; and*

*(F) all funds which have been appropriated and which the Secretary determines are not necessary for carrying out section 1087ee of this title, relating to the cancellation of certain loans under this part for qualifying service.*

*(2) Notwithstanding any other provision of law, the Secretary shall, from the Perkins Loan Revolving Fund established under paragraph (1), pay allocations of additional capital contributions to eligible institutions of higher education in accordance with section 1087bb of this title, except that funds described in subparagraph (B) of paragraph (1) shall be repaid to the institution of higher education which referred the loan, as specified in section 1087cc(a)(5)(B)(ii) of this title. The Secretary shall make the payments required by this paragraph in a manner designed to maximize the availability of capital loan funds under this part.*

PRIOR PROVISIONS

A prior section 1087gg, Pub. L. 89-329, title IV, § 467, as added Pub. L. 96-49, § 5(d)(3)(A), Aug. 13, 1979, 93 Stat. 352; amended Pub. L. 96-374, title IV, § 445(c), title XIII,

§ 1391(a)(1), Oct. 3, 1980, 94 Stat. 1442, 1503; Pub. L. 99-272, title XVI, § 16029, Apr. 7, 1986, 100 Stat. 354, related to collection of defaulted loans, prior to the general revision of this part by Pub. L. 99-498.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 to this section, relating to creation of Perkins Loan Revolving Fund, effective Sept. 15, 1997, see section 468(4) of Pub. L. 102-325, set out as a note under section 1087dd of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1087cc of this title.

**§ 1087hh. General authority of Secretary**

In carrying out the provisions of this part, the Secretary is authorized—

(1) to consent to modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note evidencing a loan which has been made under this part;

(2) to enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption;

(3) to conduct litigation in accordance with the provisions of section 1082(a)(2) of this title; and

(4) to enter into a contract or other arrangement with State or nonprofit agencies and, on a competitive basis, with collection agencies for servicing and collection of loans under this part.

(Pub. L. 89-329, title IV, § 468, as added Pub. L. 99-498, title IV, § 405(a), Oct. 17, 1986, 100 Stat. 1454.)

PRIOR PROVISIONS

A prior section 1087hh, Pub. L. 89-329, title IV, § 468, as added Pub. L. 96-374, title IV, § 442(a), Oct. 3, 1980, 94 Stat. 1437, related to alternative source of funds, prior to the general revision of this part by Pub. L. 99-498.

A prior section 1087ii, Pub. L. 89-329, title IV, § 469, as added Pub. L. 96-374, title IV, § 442(a), Oct. 3, 1980, 94 Stat. 1439, related to recapture of current balance of student loan funds, prior to the general revision of this part by Pub. L. 99-498.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1087ee of this title.

**§ 1087ii. Definitions**

**(a) Low-income communities**

For the purpose of this part, the term “low-income communities” means communities in which there is a high concentration of children eligible to be counted under title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6301 et seq.].

**(b) High-risk children**

For the purposes of this part, the term “high-risk children” means individuals under the age of 21 who are low-income or at risk of abuse or neglect, have been abused or neglected, have serious emotional, mental, or behavioral disturbances, reside in placements outside their homes, or are involved in the juvenile justice system.

**(c) Infants, toddlers, children, and youth with disabilities**

For purposes of this part, the term “infants, toddlers, children, and youth with disabilities” means children with disabilities and infants and toddlers with disabilities as defined in sections 1401(a)(1) and 1472(1) of this title, respectively, and the term “qualified professional provider of early intervention services” has the meaning specified in section 1472(2) of this title.

(Pub. L. 89-329, title IV, § 469, as added Pub. L. 102-325, title IV, § 465(d), July 23, 1992, 106 Stat. 583; amended Pub. L. 103-382, title III, § 391(e)(4), Oct. 20, 1994, 108 Stat. 4022.)

REFERENCES IN TEXT

The Elementary and Secondary Education Act of 1965, referred to in subsec. (a), is Pub. L. 89-10, Apr. 11, 1965, 79 Stat. 27, as amended generally by Pub. L. 103-382, title I, § 101, Oct. 20, 1994, 108 Stat. 3519. Title I of the Act is classified generally to subchapter I (§ 6301 et seq.) of chapter 70 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6301 of this title and Tables.

AMENDMENTS

1994—Subsec. (a). Pub. L. 103-382 substituted “title I” for “chapter 1 of title I”.

PART E—NEED ANALYSIS

CODIFICATION

This part was added as part F of title IV of Pub. L. 89-329 by Pub. L. 99-498, title IV, § 406(a), Oct. 17, 1986, 100 Stat. 1454. The letter designation of this part was changed from “F” to “E” for codification purposes. See Codification note preceding section 1087a of this title.

PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1070b, 1070b-1, 1070b-3, 1078, 1087d, 1087bb, 1087dd, 1092, 1098 of this title; title 42 sections 2752, 2753, 2756b.

**§ 1087kk. Amount of need**

Except as otherwise provided therein, the amount of need of any student for financial assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 (except subparts<sup>1</sup> 1 or 4 of part A of this subchapter) is equal to—

- (1) the cost of attendance of such student, minus
- (2) the expected family contribution for such student, minus
- (3) estimated financial assistance not received under this subchapter and part C of subchapter I of chapter 34 of title 42 (as defined in section 1087vv(j) of this title).

(Pub. L. 89-329, title IV, § 471, as added Pub. L. 99-498, title IV, § 406(a), Oct. 17, 1986, 100 Stat. 1454; amended Pub. L. 102-325, title IV, § 471(a), July 23, 1992, 106 Stat. 585.)

AMENDMENTS

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows: “Except as otherwise provided therein, the amount of need of any student for financial assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 (except subparts 1 and 3 of part A of this subchapter) is

equal to the cost of attendance of such student minus the expected family contribution for such student.”

EFFECTIVE DATE OF 1992 AMENDMENT

Section 471(b) of Pub. L. 102-325 provided that: “The changes made in part F of title IV of the Act [this part] by the amendment made by this section [amending sections 1087kk to 1087vv of this title] shall apply with respect to determinations of need under such part F for award years beginning on or after July 1, 1993.”

EFFECTIVE DATE

Section 406(b)(1)–(3) of Pub. L. 99-498, as amended by Pub. L. 100-50, § 22(e)(1), (3), June 3, 1987, 101 Stat. 361, provided that:

“(1) Except as provided in paragraphs (2) through (4)—

“(A) part F of title IV of the Act [this part] shall apply with respect to determinations of need under such title for academic years beginning with academic year 1988-1989 and succeeding academic years; and

“(B) for any preceding academic year, determinations of need shall be made in accordance with regulations prescribed by the Secretary of Education in accordance with the Student Financial Assistance Technical Amendments Act of 1982 [Pub. L. 97-301, see Short Title of 1982 Amendment note set out under section 1001 of this title].

“(2) With respect to an application filed after the date of enactment of this Act [Oct. 17, 1986] for a loan under part B of such title [part B of this subchapter] for any academic year preceding academic year 1988-1989, any determination of expected family contribution shall be made using the system of financial need analysis approved by the Secretary of Education for use under subpart 2 of part A and parts C and E of such title [subpart 2 of part A of this subchapter and part C of subchapter I of chapter 34 of Title 42, The Public Health and Welfare, and part D of this subchapter].

“(3) For purposes of sections 413D(d)(2)(B), 442(d)(2)(B) and 462(d)(2)(B) [20 U.S.C. 1070b-3(d)(2)(B), 42 U.S.C. 2752(d)(2)(B), 20 U.S.C. 1087bb(d)(2)(B)] for any academic year preceding academic year 1988-1989, the Secretary shall, in lieu of average expected family contribution, use the procedures for sampling expected family contribution within income categories that was employed for academic year 1986-1987, adjusted to reflect changes in data.

“(4) Section 479B of the Act [20 U.S.C. 1087uu] (as so added) shall apply with respect to financial assistance provided for any academic year beginning after such date of enactment [Oct. 17, 1986].”

[References to subpart 2 of part A of title IV of Pub. L. 89-329 deemed, after July 23, 1992, to refer to subpart 3 of such part, see section 402(b) of Pub. L. 102-325, set out as a note under section 1070a-11 of this title.]

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070d-40, 1087vv of this title.

**§ 1087ll. Cost of attendance**

For the purpose of this subchapter and part C of subchapter I of chapter 34 of title 42, the term “cost of attendance” means—

(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;

(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses for a student attending the institution on at least a half-time basis, as determined by the institution;

<sup>1</sup> So in original. Probably should be “subpart”.

(3) an allowance (as determined by the institution) for room and board costs incurred by the student which—

(A) shall be an allowance of not less than \$1,500 for a student without dependents residing at home with parents;

(B) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and

(C) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board, except that the amount may not be less than \$2,500;

(4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for only books, supplies, and transportation (as determined by the institution) and dependent care expenses (in accordance with paragraph (8));

(5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;

(6) for incarcerated students only tuition and fees and, if required, books and supplies;

(7) for a student enrolled in an academic program in a program of study abroad approved for credit by the student's home institution, reasonable costs associated with such study (as determined by the institution at which such student is enrolled);

(8) for a student with one or more dependents, an allowance based on the estimated actual expenses incurred for such dependent care, based on the number and age of such dependents, except that—

(A) such allowance shall not exceed the reasonable cost in the community in which such student resides for the kind of care provided; and

(B) the period for which dependent care is required includes, but is not limited to, class-time, study-time, field work, internships, and commuting time;

(9) for a student with a disability, an allowance (as determined by the institution) for those expenses related to the student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies;

(10) for a student receiving all or part of the student's instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs, but this paragraph shall not be construed to permit including the cost of rental or purchase of equipment;

(11) for a student placed in a work experience under a cooperative education program, an allowance for reasonable costs associated with such employment (as determined by the institution); and

(12) for a student who receives a loan under this or any other Federal law, or, at the option of the institution, a conventional student loan incurred by the student to cover a student's cost of attendance at the institution, an allowance for the actual cost of any loan fee, origination fee, or insurance premium charged to such student or such parent on such loan, or the average cost of any such fee or premium charged by the Secretary, lender, or guaranty agency making or insuring such loan, as the case may be.

(Pub. L. 89-329, title IV, § 472, as added Pub. L. 99-498, title IV, § 406(a), Oct. 17, 1986, 100 Stat. 1454; amended Pub. L. 102-325, title IV, § 471(a), July 23, 1992, 106 Stat. 585; Pub. L. 103-208, § 2(g)(1), Dec. 20, 1993, 107 Stat. 2471.)

#### AMENDMENTS

1993—Par. (12). Pub. L. 103-208 added par. (12).

1992—Pub. L. 102-325 amended section generally, revising and restating as pars. (1) to (11) provisions formerly contained in pars. (1) to (9).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a, 1070a-32, 1070a-61, 1078, 1078-8, 1087vv, 1104c, 1106d, 1111d, 1111f of this title; title 10 sections 1151, 1598, 2145, 2193, 2410c; title 42 section 12604.

### § 1087mm. Family contribution

For the purpose of this subchapter and part C of subchapter I of chapter 34 of title 42, except subpart 4 of part A of this subchapter, the term "family contribution" with respect to any student means the amount which the student and the student's family may be reasonably expected to contribute toward the student's postsecondary education for the academic year for which the determination is made, as determined in accordance with this part.

(Pub. L. 89-329, title IV, § 473, as added Pub. L. 99-498, title IV, § 406(a), Oct. 17, 1986, 100 Stat. 1455; amended Pub. L. 102-325, title IV, § 471(a), July 23, 1992, 106 Stat. 586.)

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows: "For the purpose of this subchapter and part C of subchapter I of chapter 34 of title 42, except subparts 1 and 3 of part A of this subchapter, the term 'family contribution' with respect to any student means the amount which the student and his or her family may be reasonably expected to contribute toward his or her postsecondary education for the academic year for which the determination is made, as determined in accordance with this part."

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for

award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

**§ 1087nn. Determination of expected family contribution; data elements**

**(a) General rule for determination of expected family contribution**

The expected family contribution—

(1) for a dependent student shall be determined in accordance with section 1087oo of this title;

(2) for a single independent student or a married independent student without dependents (other than a spouse) shall be determined in accordance with section 1087pp of this title; and

(3) for an independent student with dependents other than a spouse shall be determined in accordance with section 1087qq of this title.

**(b) Data elements**

The following data elements are considered in determining the expected family contribution:

(1) the available income of (A) the student and the student's spouse, or (B) the student and the student's parents, in the case of a dependent student;

(2) the number of dependents in the family of the student;

(3) the number of dependents in the family of the student who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 1094 of this title and for whom the family may reasonably be expected to contribute to their postsecondary education;

(4) the net assets of (A) the student and the student's spouse, and (B) the student and the student's parents, in the case of a dependent student;

(5) the marital status of the student;

(6) the age of the older parent, in the case of a dependent student, and the student; and

(7) the additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when the student is married and the student's spouse is employed, or when the employed student qualifies as a surviving spouse or as a head of a household under section 2 of title 26.

(Pub. L. 89-329, title IV, §474, as added Pub. L. 99-498, title IV, §406(a), Oct. 17, 1986, 100 Stat. 1456; amended Pub. L. 100-369, §7(c), July 18, 1988, 102 Stat. 837; Pub. L. 102-325, title IV, §471(a), July 23, 1992, 106 Stat. 587.)

**AMENDMENTS**

1992—Pub. L. 102-325 substituted “Determination of expected family contribution; data elements” for “Data elements used in determining expected family contribution” in section catchline and amended text generally, adding subsec. (a), designating existing provisions as subsec. (b) and inserting heading, adding the age of the older parent, in the case of a dependent stu-

dent, and the student as a data element and striking out consideration of any unusual medical and dental expenses and consideration of the number of dependent children other than the student enrolled in a private elementary or secondary institution and the unreimbursed tuition paid as data elements.

1988—Par. (8). Pub. L. 100-369 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

**§ 1087oo. Family contribution for dependent students**

**(a) Computation of expected family contribution**

For each dependent student, the expected family contribution is equal to the sum of—

(1) the parents' contribution from adjusted available income (determined in accordance with subsection (b) of this section);

(2) the student contribution from available income (determined in accordance with subsection (g) of this section); and

(3) the student contribution from assets (determined in accordance with subsection (h) of this section).

**(b) Parents' contribution from adjusted available income**

The parents' contribution from adjusted available income is equal to the amount determined by—

(1) computing adjusted available income by adding—

(A) the parents' available income (determined in accordance with subsection (c) of this section); and

(B) the parents' contribution from assets (determined in accordance with subsection (d) of this section);

(2) assessing such adjusted available income in accordance with the assessment schedule set forth in subsection (e) of this section; and

(3) dividing the assessment resulting under paragraph (2) by the number of the family members who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 1094 of this title during the award period for which assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 is requested;

except that the amount determined under this subsection shall not be less than zero.

**(c) Parents' available income**

**(1) In general**

The parents' available income is determined by deducting from total income (as defined in section 1087vv of this title)—

(A) Federal income taxes;

(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

(C) an allowance for social security taxes, determined in accordance with paragraph (3);

(D) an income protection allowance, determined in accordance with paragraph (4); and

(E) an employment expense allowance, determined in accordance with paragraph (5).

## (2) Allowance for State and other taxes

The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 1087vv of this title) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

Percentages for Computation of State and Other Tax Allowance

If parents' State or territory of residence is—	And parents' total income is—	
	less than \$15,000 or	\$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming .....	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands .....	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington .....	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia .....	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky .....	8	7

Percentages for Computation of State and Other Tax Allowance—Continued

If parents' State or territory of residence is—	And parents' total income is—	
	less than \$15,000 or	\$15,000 or more
	then the percentage is—	
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico .....	9	8
Maine, New Jersey .....	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island .....	11	10
Michigan, Minnesota .....	12	11
Wisconsin .....	13	12
New York .....	14	13
Other .....	9	8

## (3) Allowance for social security taxes

The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

## (4) Income protection allowance

The income protection allowance is determined by the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

Income Protection Allowance

Family Size (including student)	Number in College					For each additional subtract:
	1	2	3	4	5	
2	\$10,520	\$8,720				\$1,790
3	13,100	11,310	\$9,510			
4	16,180	14,380	12,590	\$10,790		
5	19,090	17,290	15,500	13,700	\$11,910	
6	22,330	20,530	18,740	16,940	15,150	
For each additional add:	2,520	2,520	2,520	2,520	2,520	

## (5) Employment expense allowance

The employment expense allowance is determined as follows (or using a successor provision prescribed by the Secretary under section 1087rr of this title):

(A) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of \$2,500 or 35 percent of the earned income of the parent with the lesser earned income.

(B) If a parent qualifies as a surviving spouse or as a head of household as defined in section 2 of title 26, such allowance is

equal to the lesser of \$2,500 or 35 percent of such parent's earned income.

## (d) Parents' contribution from assets

### (1) In general

The parents' contribution from assets is equal to—

(A) the parental net worth (determined in accordance with paragraph (2)); minus

(B) the education savings and asset protection allowance (determined in accordance with paragraph (3)); multiplied by

(C) the asset conversion rate (determined in accordance with paragraph (4)), except that the result shall not be less than zero.

**(2) Parental net worth**

The parental net worth is calculated by adding—

(A) the current balance of checking and savings accounts and cash on hand;

(B) the net value of investments and real estate, excluding the net value of the principal place of residence; and

(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter in this subsection referred to as “NW”), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 1087rr of this title), except as provided under section 1087vv(f) of this title:

Adjusted Net Worth of a Business or Farm	
If the net worth of a business or farm is—	Then the adjusted net worth is:
Less than \$1 .....	\$0
\$1–\$75,000 .....	40 percent of NW
\$75,001–\$225,000 .....	\$30,000 plus 50 percent of NW over \$75,000
\$225,001–\$375,000 .....	\$105,000 plus 60 percent of NW over \$225,000
\$375,001 or more .....	\$195,000 plus 100 percent of NW over \$375,000

**(3) Education savings and asset protection allowance**

The education savings and asset protection allowance is calculated according to the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

Education Savings and Asset Protection Allowances for Families and Students

If the age of the oldest parent is—	And there are	
	two parents	one parent
then the allowance is—		
25 or less .....	\$ 0	\$0
26 .....	2,200	1,600
27 .....	4,300	3,200
28 .....	6,500	4,700
29 .....	8,600	6,300
30 .....	10,800	7,900
31 .....	13,000	9,500
32 .....	15,100	11,100
33 .....	17,300	12,600
34 .....	19,400	14,200
35 .....	21,600	15,800
36 .....	23,800	17,400
37 .....	25,900	19,000
38 .....	28,100	20,500
39 .....	30,200	22,100
40 .....	32,400	23,700
41 .....	33,300	24,100
42 .....	34,100	24,700
43 .....	35,000	25,200
44 .....	35,700	25,800
45 .....	36,600	26,300
46 .....	37,600	26,900
47 .....	38,800	27,600
48 .....	39,800	28,200

Education Savings and Asset Protection Allowances for Families and Students—Continued

If the age of the oldest parent is—	And there are	
	two parents	one parent
then the allowance is—		
49 .....	40,800	28,800
50 .....	41,800	29,500
51 .....	43,200	30,200
52 .....	44,300	31,100
53 .....	45,700	31,800
54 .....	47,100	32,600
55 .....	48,300	33,400
56 .....	49,800	34,400
57 .....	51,300	35,200
58 .....	52,900	36,200
59 .....	54,800	37,200
60 .....	56,500	38,100
61 .....	58,500	39,200
62 .....	60,300	40,300
63 .....	62,400	41,500
64 .....	64,600	42,800
65 or more .....	66,800	44,000

**(4) Asset conversion rate**

The asset conversion rate is 12 percent.

**(e) Assessment schedule**

The adjusted available income (as determined under subsection (b)(1) of this section and hereafter in this subsection referred to as “AAI”) is assessed according to the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

Parents’ Assessment From Adjusted Available Income (AAI)

If AAI is—	Then the assessment is—
Less than –\$3,409 ....	–\$750
–\$3,409 to \$9,400 .....	22% of AAI
\$9,401 to \$11,800 .....	\$2,068 + 25% of AAI over \$9,400
\$11,801 to \$14,200 .....	\$2,668 + 29% of AAI over \$11,800
\$14,201 to \$16,600 .....	\$3,364 + 34% of AAI over \$14,200
\$16,601 to \$19,000 .....	\$4,180 + 40% of AAI over \$16,600
\$19,001 or more .....	\$5,140 + 47% of AAI over \$19,000

**(f) Computations in case of separation, divorce, remarriage, or death****(1) Divorced or separated parents**

Parental income and assets for a student whose parents are divorced or separated is determined under the following procedures:

(A) Include only the income and assets of the parent with whom the student resided for the greater portion of the 12-month period preceding the date of the application.

(B) If the preceding criterion does not apply, include only the income and assets of the parent who provided the greater portion of the student’s support for the 12-month period preceding the date of application.

(C) If neither of the preceding criteria apply, include only the income and assets of the parent who provided the greater support during the most recent calendar year for which parental support was provided.

**(2) Death of a parent**

Parental income and assets in the case of the death of any parent is determined as follows:

(A) If either of the parents has died, the student shall include only the income and assets of the surviving parent.

(B) If both parents have died, the student shall not report any parental income or assets.

**(3) Remarried parents**

If a parent whose income and assets are taken into account under paragraph (1) of this subsection, or if a parent who is a widow or widower and whose income is taken into account under paragraph (2) of this subsection, has remarried, the income of that parent's spouse shall be included in determining the parent's adjusted available income only if—

(A) the student's parent and the step-parent are married as of the date of application for the award year concerned; and

(B) the student is not an independent student.

**(g) Student contribution from available income****(1) In general**

The student contribution from available income is equal to—

(A) the student's total income (determined in accordance with section 1087vv of this title); minus

(B) the adjustment to student income (determined in accordance with paragraph (2)); multiplied by

(C) the assessment rate as determined in paragraph (5);

except that the amount determined under this subsection shall not be less than zero.

**(2) Adjustment to student income**

The adjustment to student income is equal to the sum of—

(A) Federal income taxes of the student;

(B) an allowance for State and other income taxes (determined in accordance with paragraph (3));

(C) an allowance for social security taxes determined in accordance with paragraph (4); and

(D) an income protection allowance of \$1,750.

**(3) Allowance for State and other income taxes**

The allowance for State and other income taxes is equal to an amount determined by multiplying total income (as defined in section 1087vv of this title) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

Percentages for Computation of State and Other Tax Allowance	
If the students' State or territory of residence is—	The percentage is—
Alaska, American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming	0

Percentages for Computation of State and Other Tax Allowance—Continued

If the students' State or territory of residence is—	The percentage is—
Connecticut, Louisiana, Puerto Rico	1
Arizona, New Hampshire, New Mexico, North Dakota	2
Alabama, Colorado, Illinois, Indiana, Kansas, Mississippi, Missouri, Montana, Nebraska, New Jersey, Oklahoma	3
Arkansas, Georgia, Iowa, Kentucky, Maine, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Canada, Mexico	4
California, Idaho, Massachusetts, North Carolina, Ohio, Rhode Island, South Carolina	5
Hawaii, Maryland, Michigan, Wisconsin	6
Delaware, District of Columbia, Minnesota, Oregon	7
New York	8
Other	4

**(4) Allowance for social security taxes**

The allowance for social security taxes is equal to the amount earned by the student multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

**(5) Assessment of available income**

The student's available income (determined in accordance with paragraph (1) of this subsection) is assessed at 50 percent.

**(h) Student contribution from assets**

The student contribution from assets is determined by calculating the net assets of the student and multiplying such amount by 35 percent, except that the result shall not be less than zero.

**(i) Adjustments to parents' contribution for enrollment periods other than 9 months for purposes other than subpart 2 of part A of this subchapter**

For periods of enrollment other than 9 months, the parents' contribution from adjusted available income (as determined under subsection (b) of this section) is determined as follows for purposes other than subpart 2 of part A of this subchapter:

(1) For periods of enrollment less than 9 months, the parents' contribution from adjusted available income is divided by 9 and the result multiplied by the number of months enrolled.

(2) For periods of enrollment greater than 9 months—

(A) the parents' adjusted available income (determined in accordance with subsection (b)(1) of this section) is increased by the difference between the income protection allowance (determined in accordance with subsection (c)(4) of this section) for a family of four and a family of five, each with one child in college;

(B) the resulting revised parents' adjusted available income is assessed according to

subsection (e) of this section and adjusted according to subsection (b)(3) of this section to determine a revised parents' contribution from adjusted available income;

(C) the original parents' contribution from adjusted available income is subtracted from the revised parents' contribution from adjusted available income, and the result is divided by 12 to determine the monthly adjustment amount; and

(D) the original parents' contribution from adjusted available income is increased by the product of the monthly adjustment amount multiplied by the number of months greater than 9 for which the student will be enrolled.

(Pub. L. 89-329, title IV, § 475, as added Pub. L. 99-498, title IV, § 406(a), Oct. 17, 1986, 100 Stat. 1456; amended Pub. L. 100-50, § 14(1)-(12), June 3, 1987, 101 Stat. 349, 350; Pub. L. 102-325, title IV, § 471(a), July 23, 1992, 106 Stat. 587; Pub. L. 103-208, § 2(g)(2)-(5), Dec. 20, 1993, 107 Stat. 2472.)

#### AMENDMENTS

1993—Subsec. (c)(4). Pub. L. 103-208, § 2(g)(2), substituted “\$9,510” for “9,510” in table.

Subsec. (f)(3). Pub. L. 103-208, § 2(g)(3), in introductory provisions, substituted “If a parent” for “Income in the case of a parent”, “(1) of this subsection, or if a parent” for “(1) of this subsection, or a parent”, and “the income” for “is determined as follows: The income”.

Subsec. (g)(1)(B). Pub. L. 103-208, § 2(g)(4), inserted closing parenthesis after “paragraph (2)”.

Subsec. (g)(3). Pub. L. 103-208, § 2(g)(5), in table added last item relating to Other.

1992—Pub. L. 102-325 amended section generally, making minor changes in subsecs. (a) to (c) and (e) to (g), in subsec. (d) substituting provisions relating to parents' contribution from assets for provisions relating to parents' income supplemental amount from assets, in subsec. (h) substituting provisions relating to student contribution from assets for provisions relating to student and spouse income supplemental amount from assets, and in subsec. (i) substituting provisions relating to adjustments to parents' contribution for enrollment periods other than 9 months for purposes other than subpart 2 of part A of this subchapter for provisions relating to adjustments for enrollment periods other than 9 months.

1987—Subsec. (c)(2), (4). Pub. L. 100-50, § 14(1), substituted “section 1087rr of this title” for “section 1087ss of this title”.

Subsec. (c)(7). Pub. L. 100-50, § 14(2), struck out “National” before “Center”.

Subsec. (d)(2)(B). Pub. L. 100-50, § 14(3), substituted “displaced homemaker” for “dislocated homemaker”.

Subsec. (d)(2)(C). Pub. L. 100-50, § 14(1), substituted “section 1087rr of this title” for “section 1087ss of this title”.

Pub. L. 100-50, § 14(4), added table after subpar. (C) and struck out former table which read as follows:

“Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is:
Less than \$1 .....	\$0
\$1–\$65,000 .....	40 percent of NW
\$65,001–\$195,000 .....	\$26,000 plus 50 percent of NW over \$65,000
\$195,001–\$325,000 .....	\$91,000 plus 60 percent of NW over \$195,000
\$325,001 or more .....	\$169,000 plus 100 percent of NW over \$325,000”.

Subsec. (d)(4)(B). Pub. L. 100-50, § 14(5), substituted “\$15,999” for “\$15,000”.

Subsec. (d)(4)(C). Pub. L. 100-50, § 14(6), substituted “\$16,000” for “\$15,000” in three places.

Subsec. (d)(4)(D). Pub. L. 100-50, § 14(7), substituted “income is less than zero” for “income is equal to or less than zero”.

Subsec. (e). Pub. L. 100-50, § 14(8), inserted a minus sign before “\$3,409” in two places in table.

Subsec. (g)(1)(C). Pub. L. 100-50, § 14(9), substituted “paragraph (2)” for “paragraph (3)”.

Subsec. (g)(3). Pub. L. 100-50, § 14(10), inserted “(or a successor table prescribed by the Secretary under section 1087rr of this title)” after “following table”.

Subsec. (h). Pub. L. 100-50, § 14(11), added subsec. (h) and struck out former subsec. (h) which read as follows: “The student (and spouse) supplemental income amount from assets is determined by multiplying by 35 percent the sum of—

“(1) the current balance of checking and savings accounts and cash on hand; and

“(2) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 1087vv(e) of this title).”

Subsec. (i). Pub. L. 100-50, § 14(12), added subsec. (i).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087nn, 1087rr, 1087ss of this title.

### § 1087pp. Family contribution for independent students without dependents other than a spouse

#### (a) Computation of expected family contribution

For each independent student without dependents other than a spouse, the expected family contribution is determined by—

(1) adding—

(A) the family's contribution from available income (determined in accordance with subsection (b) of this section); and

(B) the family's contribution from assets (determined in accordance with subsection (c) of this section); and

(2) dividing the sum resulting under paragraph (1) by the number of students who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 1094 of this title during the award period for which assistance under this subchapter and part C of



subchapter I of chapter 34 of title 42 is requested;

except that the amount determined under this subsection shall not be less than zero.

**(b) Family's contribution from available income**

**(1) In general**

The family's contribution from income is determined by—

(A) deducting from total income (as defined in section 1087vv of this title)—

- (i) Federal income taxes;
- (ii) an allowance for State and other taxes, determined in accordance with paragraph (2);
- (iii) an allowance for social security taxes, determined in accordance with paragraph (3);
- (iv) an income protection allowance of—
  - (I) \$3,000 for single students;
  - (II) \$3,000 for married students where both are enrolled pursuant to subsection (a)(2) of this section; and
  - (III) \$6,000 for married students where one is enrolled pursuant to subsection (a)(2) of this section; and
- (v) in the case where a spouse is present, an employment expense allowance, as determined in accordance with paragraph (4); and

(B) assessing such available income in accordance with paragraph (5).

**(2) Allowance for State and other taxes**

The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 1087vv of this title) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

Percentages for Computation of State and Other Tax Allowance

If the students' State or territory of residence is—	The percentage is—
Alaska, American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming	0
Connecticut, Louisiana, Puerto Rico	1
Arizona, New Hampshire, New Mexico, North Dakota	2
Alabama, Colorado, Illinois, Indiana, Kansas, Mississippi, Missouri, Montana, Nebraska, New Jersey, Oklahoma	3
Arkansas, Georgia, Iowa, Kentucky, Maine, Pennsylvania, Utah, Vermont, Virginia, West Virginia, Canada, Mexico	4
California, Idaho, Massachusetts, North Carolina, Ohio, Rhode Island, South Carolina	5
Hawaii, Maryland, Michigan, Wisconsin	6
Delaware, District of Columbia, Minnesota, Oregon	7
New York	8
Other	4

**(3) Allowance for social security taxes**

The allowance for social security taxes is equal to the amount earned by the student

(and spouse, if appropriate), multiplied by the social security withholding rate appropriate to the tax year preceding the award year, up to the maximum statutory social security tax withholding amount for that same tax year.

**(4) Employment expenses allowance**

The employment expense allowance is determined as follows (or using a successor provision prescribed by the Secretary under section 1087rr of this title):

(A) If the student is married and the student's spouse is employed in the year for which income is reported, such allowance is equal to the lesser of \$2,500 or 35 percent of the earned income of the student or spouse with the lesser earned income.

(B) If a student is not married, the employment expense allowance is zero.

**(5) Assessment of available income**

The family's available income (determined in accordance with paragraph (1)(A) of this subsection) is assessed at 50 percent.

**(c) Family contribution from assets**

**(1) In general**

The family's contribution from assets is equal to—

- (A) the family's net worth (determined in accordance with paragraph (2)); minus
- (B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by
- (C) the asset conversion rate (determined in accordance with paragraph (4));

except that the family's contribution from assets shall not be less than zero.

**(2) Family's net worth**

The family's net worth is calculated by adding—

- (A) the current balance of checking and savings accounts and cash on hand;
- (B) the net value of investments and real estate, excluding the net value in the principal place of residence; and
- (C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 1087rr of this title), except as provided under section 1087vv(f) of this title:

Adjusted Net Worth of a Business or Farm	
If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than \$1	\$0
\$1–\$75,000	40 percent of NW
\$75,001–\$225,000	\$30,000 plus 50 percent of NW over \$75,000
\$225,001–\$375,000	\$105,000 plus 60 percent of NW over \$225,000
\$375,001 or more	\$195,000 plus 100 percent of NW over \$375,000

**(3) Asset protection allowance**

The asset protection allowance is calculated according to the following table (or a succes-

sor table prescribed by the Secretary under section 1087rr of this title):

#### Asset Protection Allowances for Families and Students

If the age of the student is—	And the student is	
	married	single
	then the allowance is—	
25 or less .....	\$ 0	\$0
26 .....	2,200	1,600
27 .....	4,300	3,200
28 .....	6,500	4,700
29 .....	8,600	6,300
30 .....	10,800	7,900
31 .....	13,000	9,500
32 .....	15,100	11,100
33 .....	17,300	12,600
34 .....	19,400	14,200
35 .....	21,600	15,800
36 .....	23,800	17,400
37 .....	25,900	19,000
38 .....	28,100	20,500
39 .....	30,200	22,100
40 .....	32,400	23,700
41 .....	33,300	24,100
42 .....	34,100	24,700
43 .....	35,000	25,200
44 .....	35,700	25,800
45 .....	36,600	26,300
46 .....	37,600	26,900
47 .....	38,800	27,600
48 .....	39,800	28,200
49 .....	40,800	28,800
50 .....	41,800	29,500
51 .....	43,200	30,200
52 .....	44,300	31,100
53 .....	45,700	31,800
54 .....	47,100	32,600
55 .....	48,300	33,400
56 .....	49,800	34,400
57 .....	51,300	35,200
58 .....	52,900	36,200
59 .....	54,800	37,200
60 .....	56,500	38,100
61 .....	58,500	39,200
62 .....	60,300	40,300
63 .....	62,400	41,500
64 .....	64,600	42,800
65 or more .....	66,800	44,000

#### (4) Asset conversion rate

The asset conversion rate is 35 percent.

#### (d) Computations in case of separation, divorce, or death

In the case of a student who is divorced or separated, or whose spouse has died, the spouse's income and assets shall not be considered in determining the family's contribution from income or assets.

(Pub. L. 89-329, title IV, §476, as added Pub. L. 99-498, title IV, §406(a), Oct. 17, 1986, 100 Stat. 1463; amended Pub. L. 100-50, §14(1), (3), (4), (13)–(17), June 3, 1987, 101 Stat. 349, 351; Pub. L. 102-325, title IV, §471(a), July 23, 1992, 106 Stat.

594; Pub. L. 103-208, §2(g)(6), Dec. 20, 1993, 107 Stat. 2472.)

#### AMENDMENTS

1993—Subsec. (d). Pub. L. 103-208 added subsec. (d).

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to family contribution for independent students without dependents other than a spouse for provisions relating to family contribution for independent students without dependents (including a spouse).

1987—Subsec. (b)(1)(A), (B). Pub. L. 100-50, §14(13)(B), (C), substituted subpar. (A) and introductory provisions of subpar. (B) for introductory provisions of former subpar. (A) which read as follows: “computing the student's available taxable income by deducting from the student's adjusted gross income—”. Former subpar. (B) redesignated (C).

Subsec. (b)(1)(C). Pub. L. 100-50, §14(13)(B), redesignated subpar. (B) as (C). Former subpar. (C) redesignated (D).

Subsec. (b)(1)(D). Pub. L. 100-50, §14(15), which directed that subsec. (b)(1)(C) be amended by inserting “plus the amount of veterans' benefits paid during the award period under chapters 32, 34, and 35 of title 28”, was executed to subpar. (D) to reflect the probable intent of Congress and the intervening redesignation of subpar. (C) as (D) by section 14(13)(B) of Pub. L. 100-50.

Pub. L. 100-50, §14(13)(A), (B), redesignated subpar. (C) as (D) and substituted “subparagraph (C)” for “subparagraph (B)”.

Subsec. (b)(2). Pub. L. 100-50, §14(1), (14), substituted “total income” for “total taxable income” and “section 1087rr of this title” for “section 1087ss of this title”.

Subsec. (b)(4)(A). Pub. L. 100-50, §14(16)(A), substituted “\$8,600” for “\$8,900”.

Subsec. (b)(4)(B). Pub. L. 100-50, §14(16), substituted “\$8,600” for “\$8,900” in two places and “\$6,020” for “\$6,230”.

Subsec. (c)(1). Pub. L. 100-50, §14(17), substituted a semicolon for a period at end of subpar. (C) and inserted, after subpar. (C), provision that the student's income supplemental amount from assets not be less than zero.

Subsec. (c)(2)(B). Pub. L. 100-50, §14(3), substituted “displaced homemaker” for “dislocated homemaker”.

Subsec. (c)(2)(C). Pub. L. 100-50, §14(4), added table and struck out former table which read as follows:

“Adjusted Net Worth of a Business or Farm	
If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than \$1 .....	\$0
\$1–\$65,000 .....	40 percent of NW
\$65,001–\$195,000 .....	\$26,000 plus 50 percent of NW over \$65,000
\$195,001–\$325,000 .....	\$91,000 plus 60 percent of NW over \$195,000
\$325,001 or more .....	\$169,000 plus 100 percent of NW over \$325,000”.

Pub. L. 100-50, §14(1), substituted “section 1087rr of this title” for “section 1087ss of this title”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087nn, 1087rr, 1087ss of this title.

### § 1087qq. Family contribution for independent students with dependents other than a spouse

#### (a) Computation of expected family contribution

For each independent student with dependents other than a spouse, the expected family contribution is equal to the amount determined by—

(1) computing adjusted available income by adding—

(A) the family's available income (determined in accordance with subsection (b) of this section); and

(B) the family's contribution from assets (determined in accordance with subsection (c) of this section);

(2) assessing such adjusted available income in accordance with an assessment schedule set forth in subsection (d) of this section; and

(3) dividing the assessment resulting under paragraph (2) by the number of family members who are enrolled or accepted for enrollment, on at least a half-time basis, in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 1094 of this title during the award period for which assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 is requested;

except that the amount determined under this subsection shall not be less than zero.

#### (b) Family's available income

##### (1) In general

The family's available income is determined by deducting from total income (as defined in section 1087vv of this title)—

(A) Federal income taxes;

(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

(C) an allowance for social security taxes, determined in accordance with paragraph (3);

(D) an income protection allowance, determined in accordance with paragraph (4); and

(E) an employment expense allowance, determined in accordance with paragraph (5).

##### (2) Allowance for State and other taxes

The allowance for State and other taxes is equal to an amount determined by multiply-

ing total income (as defined in section 1087vv of this title) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

#### Percentages for Computation of State and Other Tax Allowance

If student's State or territory of residence is—	And family's total income is—	
	less than \$15,000	\$15,000 or more
	then the percentage is—	
Alaska, Puerto Rico, Wyoming .....	3	2
American Samoa, Guam, Louisiana, Nevada, Texas, Trust Territory, Virgin Islands .....	4	3
Florida, South Dakota, Tennessee, New Mexico	5	4
North Dakota, Washington .....	6	5
Alabama, Arizona, Arkansas, Indiana, Mississippi, Missouri, Montana, New Hampshire, Oklahoma, West Virginia .....	7	6
Colorado, Connecticut, Georgia, Illinois, Kansas, Kentucky .....	8	7
California, Delaware, Idaho, Iowa, Nebraska, North Carolina, Ohio, Pennsylvania, South Carolina, Utah, Vermont, Virginia, Canada, Mexico .....	9	8
Maine, New Jersey .....	10	9
District of Columbia, Hawaii, Maryland, Massachusetts, Oregon, Rhode Island .....	11	10
Michigan, Minnesota .....	12	11
Wisconsin .....	13	12
New York .....	14	13
Other .....	9	8

#### (3) Allowance for social security taxes

The allowance for social security taxes is equal to the amount estimated to be earned by the student (and spouse, if appropriate) multiplied by the social security withholding rate appropriate to the tax year preceding the award year, up to the maximum statutory social security tax withholding amount for that same tax year.

#### (4) Income protection allowance

The income protection allowance is determined by the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

## Income Protection Allowance

Family Size	Number in College					For each additional subtract:
(including student)	1	2	3	4	5	
2	\$10,520	\$8,720				\$1,790
3	13,100	11,310	\$9,510			
4	16,180	14,380	12,590	\$10,790		
5	19,090	17,290	15,500	13,700	\$11,910	
6	22,330	20,530	18,740	16,940	15,150	
For each additional add:	2,520	2,520	2,520	2,520	2,520	

**(5) Employment expense allowance**

The employment expense allowance is determined as follows (or a successor table prescribed by the Secretary under section 1087rr of this title):

(A) If the student is married and the student's spouse is employed in the year for which their income is reported, such allowance is equal to the lesser of \$2,500 or 35 percent of the earned income of the student or spouse with the lesser earned income.

(B) If a student qualifies as a surviving spouse or as a head of household as defined in section 2 of title 26, such allowance is equal to the lesser of \$2,500 or 35 percent of the student's earned income.

**(c) Family's contribution from assets****(1) In general**

The family's contribution from assets is equal to—

(A) the family net worth (determined in accordance with paragraph (2)); minus

(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

(C) the asset conversion rate (determined in accordance with paragraph (4)), except that the result shall not be less than zero.

**(2) Family net worth**

The family net worth is calculated by adding—

(A) the current balance of checking and savings accounts and cash on hand;

(B) the net value of investments and real estate, excluding the net value in the principal place of residence; and

(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as "NW"), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 1087rr of this title), except as provided under section 1087vv(f) of this title:

Adjusted Net Worth of a Business or Farm	
If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than \$1 .....	\$0
\$1–\$75,000 .....	40 percent of NW
\$75,001–\$225,000 .....	\$30,000 plus 50 percent of NW over \$75,000
\$225,001–\$375,000 .....	\$105,000 plus 60 percent of NW over \$225,000
\$375,001 or more .....	\$195,000 plus 100 percent of NW over \$375,000

**(3) Asset protection allowance**

The asset protection allowance is calculated according to the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

## Asset Protection Allowances for Families and Students

If the age of the student is—	And the student is	
	married	single
then the allowance is—		
25 or less .....	\$ 0	\$0
26 .....	2,200	1,600
27 .....	4,300	3,200
28 .....	6,500	4,700
29 .....	8,600	6,300
30 .....	10,800	7,900
31 .....	13,000	9,500
32 .....	15,100	11,100
33 .....	17,300	12,600
34 .....	19,400	14,200
35 .....	21,600	15,800
36 .....	23,800	17,400
37 .....	25,900	19,000
38 .....	28,100	20,500
39 .....	30,200	22,100
40 .....	32,400	23,700
41 .....	33,300	24,100
42 .....	34,100	24,700
43 .....	35,000	25,200
44 .....	35,700	25,800
45 .....	36,600	26,300
46 .....	37,600	26,900
47 .....	38,800	27,600
48 .....	39,800	28,200
49 .....	40,800	28,800
50 .....	41,800	29,500
51 .....	43,200	30,200
52 .....	44,300	31,100
53 .....	45,700	31,800
54 .....	47,100	32,600
55 .....	48,300	33,400
56 .....	49,800	34,400
57 .....	51,300	35,200
58 .....	52,900	36,200
59 .....	54,800	37,200
60 .....	56,500	38,100
61 .....	58,500	39,200
62 .....	60,300	40,300
63 .....	62,400	41,500
64 .....	64,600	42,800
65 or more .....	66,800	44,000

**(4) Asset conversion rate**

The asset conversion rate is 12 percent.

**(d) Assessment schedule**

The adjusted available income (as determined under subsection (a)(1) of this section and hereafter referred to as “AAI”) is assessed according to the following table (or a successor table prescribed by the Secretary under section 1087rr of this title):

Assessment From Adjusted Available Income (AAI)

If AAI is—	Then the assessment is—
Less than —\$3,409 ....	—\$750
—\$3,409 to \$9,400 .....	22% of AAI
\$9,401 to \$11,800 .....	\$2,068 + 25% of AAI over \$9,400
\$11,801 to \$14,200 .....	\$2,668 + 29% of AAI over \$11,800
\$14,201 to \$16,600 .....	\$3,364 + 34% of AAI over \$14,200
\$16,601 to \$19,000 .....	\$4,180 + 40% of AAI over \$16,600
\$19,001 or more .....	\$5,140 + 47% of AAI over \$19,000

**(e) Computations in case of separation, divorce, or death**

In the case of a student who is divorced or separated, or whose spouse has died, the spouse's income and assets shall not be considered in determining the family's available income or assets.

(Pub. L. 89–329, title IV, §477, as added Pub. L. 99–498, title IV, §406(a), Oct. 17, 1986, 100 Stat. 1465; amended Pub. L. 100–50, §14(1)–(6), (8), (18), (19), June 3, 1987, 101 Stat. 349–351; Pub. L. 102–325, title IV, §471(a), July 23, 1992, 106 Stat. 597; Pub. L. 103–208, §2(g)(2), (7), Dec. 20, 1993, 107 Stat. 2472.)

## AMENDMENTS

1993—Subsec. (b)(4). Pub. L. 103–208, §2(g)(2), substituted “\$9,510” for “\$9,510” in table.

Subsec. (e). Pub. L. 103–208, §2(g)(7), added subsec. (e).  
1992—Pub. L. 102–325 amended section generally, substituting provisions relating to family contribution for independent students with dependents other than a spouse for provisions relating to family contribution for independent students with dependents (including a spouse).

1987—Subsec. (a)(1)(C). Pub. L. 100–50, §14(18), added subpar. (C).

Subsec. (b)(2). Pub. L. 100–50, §14(1), substituted “section 1087rr of this title” for “section 1087ss of this title”.

Subsec. (b)(5)(A). Pub. L. 100–50, §14(19), substituted “\$2,100” for “\$2,000”.

Subsec. (b)(7). Pub. L. 100–50, §14(2), struck out “National” before “Center”.

Subsec. (c)(2)(B). Pub. L. 100–50, §14(3), substituted “displaced homemaker” for “dislocated homemaker”.

Subsec. (c)(2)(C). Pub. L. 100–50, §14(1), (4), substituted “section 1087rr of this title” for “section 1087ss of this title” in text, added table, and struck out former table which read as follows:

“Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is:
Less than \$1 .....	\$0
\$1–\$65,000 .....	40 percent of NW
\$65,001–\$195,000 .....	\$26,000 plus 50 percent of NW over \$65,000
\$195,001–\$325,000 .....	\$91,000 plus 60 percent of NW over \$195,000
\$325,001 or more .....	\$169,000 plus 100 percent of NW over \$325,000”.

Subsec. (c)(4)(B). Pub. L. 100–50, §14(5), substituted “\$15,999” for “\$15,000”.

Subsec. (c)(4)(C). Pub. L. 100–50, §14(6), substituted “\$16,000” for “\$15,000” in three places.

Subsec. (d). Pub. L. 100–50, §14(1), (8), substituted “section 1087rr of this title” for “section 1087ss of this title” in text and inserted a minus sign before “\$3,409” in two places in table.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102–325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102–325, set out as a note under section 1087kk of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100–50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99–498, see section 27 of Pub. L. 100–50, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087nn, 1087rr, 1087ss of this title.

**§ 1087rr. Regulations; updated tables****(a) Authority to prescribe regulations restricted**

(1) Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this part except—

(A) to prescribe updated tables in accordance with subsections (b) through (h) of this section; or

(B) to propose modifications in the need analysis methodology required by this part.

(2) Any regulation proposed by the Secretary that (A) updates tables in a manner that does not comply with subsections (b) through (h) of this section, or (B) that proposes modifications under paragraph (1)(B) of this subsection, shall not be effective unless approved by joint resolution of the Congress by May 1 following the date such regulations are published in the Federal Register in accordance with section 1089 of this title. If the Congress fails to approve such regulations by such May 1, the Secretary shall publish in the Federal Register in accordance with section 1089 of this title updated tables for the applicable award year that are prescribed in accordance with subsections (b) through (h) of this section.

**(b) Income protection allowance**

For each academic year after academic year 1993–1994, the Secretary shall publish in the Federal Register a revised table of income protection allowances for the purpose of sections 1087oo(c)(4) and 1087qq(b)(4) of this title. Such revised table shall be developed by increasing each of the dollar amounts contained in the table in each such section by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such academic year, and rounding the result to the nearest \$10.

**(c) Adjusted net worth of a farm or business**

For each award year after award year 1993–1994, the Secretary shall publish in the Federal Register a revised table of adjusted net worth of a farm or business for purposes of sections 1087oo(d)(2)(C), 1087pp(c)(2)(C), and 1087qq(c)(2)(C) of this title. Such revised table shall be developed—

(1) by increasing each dollar amount that refers to net worth of a farm or business by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such award year, and rounding the result to the nearest \$5,000; and

(2) by adjusting the dollar amounts “\$30,000”, “\$105,000”, and “\$195,000” to reflect the changes made pursuant to paragraph (1).

**(d) Education savings and asset protection allowance**

For each award year after award year 1993–1994, the Secretary shall publish in the Federal Register a revised table of allowances for the purpose of sections 1087oo(d)(3), 1087pp(c)(3), and 1087qq(c)(3) of this title. Such revised table shall be developed by determining the present value cost, rounded to the nearest \$100, of an annuity that would provide, for each age cohort of 40 and above, a supplemental income at age 65 (adjusted for inflation) equal to the difference between the moderate family income (as most recently determined by the Bureau of Labor Statistics), and the current average social security retirement benefits. For each age cohort below 40, the allowance shall be computed by decreasing the allowance for age 40, as updated, by one-fifteenth for each year of age below age 40 and rounding the result to the nearest \$100. In making such determinations—

(1) inflation shall be presumed to be 6 percent per year;

(2) the rate of return of an annuity shall be presumed to be 8 percent; and

(3) the sales commission on an annuity shall be presumed to be 6 percent.

**(e) Assessment schedules and rates**

For each award year after award year 1993–1994, the Secretary shall publish in the Federal Register a revised table of assessments from adjusted available income for the purpose of sections 1087oo(e) and 1087qq(d) of this title. Such revised table shall be developed—

(1) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the estimated percentage increase in the Consumer Price Index (as determined by the Secretary) between December 1992 and the December next preceding the beginning of such academic year, rounded to the nearest \$100; and

(2) by adjusting the other dollar amounts to reflect the changes made pursuant to paragraph (1).

**(f) “Consumer Price Index” defined**

As used in this section, the term “Consumer Price Index” means the Consumer Price Index for All Urban Consumers published by the Department of Labor. Each annual update of tables

to reflect changes in the Consumer Price Index shall be corrected for misestimation of actual changes in such Index in previous years.

**(g) State and other tax allowance**

For each award year after award year 1993–1994, the Secretary shall publish in the Federal Register a revised table of State and other tax allowances for the purpose of sections 1087oo(c)(2), 1087oo(g)(3), 1087pp(b)(2), and 1087qq(b)(2) of this title. The Secretary shall develop such revised table after review of the Department of the Treasury’s Statistics of Income file and determination of the percentage of income that each State’s taxes represent.

**(h) Employment expense allowance**

For each award year after award year 1993–1994, the Secretary shall publish in the Federal Register a revised table of employment expense allowances for the purpose of sections 1087oo(c)(5), 1087pp(b)(4), and 1087qq(b)(5) of this title. Such revised table shall be developed by increasing the dollar amount specified in sections 1087oo(c)(5)(A), 1087oo(c)(5)(B), 1087pp(b)(4)(A), 1087pp(b)(4)(B), 1087qq(b)(5)(A), and 1087qq(b)(5)(B) of this title to reflect increases in the amount and percent of the Bureau of Labor Statistics budget of the marginal costs for meals away from home, apparel and upkeep, transportation, and housekeeping services for a two-worker versus one-worker family.

(Pub. L. 89–329, title IV, § 478, as added Pub. L. 99–498, title IV, § 406(a), Oct. 17, 1986, 100 Stat. 1470; amended Pub. L. 100–50, § 14(20)–(22), June 3, 1987, 101 Stat. 351, 352; Pub. L. 102–325, title IV, § 471(a), July 23, 1992, 106 Stat. 602; Pub. L. 103–208, § 2(g)(8), (9), Dec. 20, 1993, 107 Stat. 2472.)

## AMENDMENTS

1993—Subsec. (b). Pub. L. 103–208, § 2(g)(8)(A), substituted “1993–1994” for “1992–1993”.

Subsec. (c). Pub. L. 103–208, § 2(g)(8), substituted “1993–1994” for “1992–1993” in introductory provisions and inserted “December” before “1992” in par. (1).

Subsecs. (d), (e), (g). Pub. L. 103–208, § 2(g)(8)(A), substituted “1993–1994” for “1992–1993”.

Subsec. (h). Pub. L. 103–208, § 2(g)(8)(A), (9), substituted “1993–1994” for “1992–1993” and “Bureau of Labor Statistics” for “Bureau of Labor Standards”.

1992—Pub. L. 102–325 amended section generally, revising and restating as subsecs. (a) to (h) provisions formerly contained in subsecs. (a) to (f).

1987—Subsec. (c)(2). Pub. L. 100–50, § 14(21), substituted “\$24,000”, “\$84,000”, and “\$156,000” for “\$26,000”, “\$91,000”, and “\$169,000”.

Subsec. (d). Pub. L. 100–50, § 14(20), inserted “, rounded to the nearest \$100,” after “present value cost” and “of 40 and above” after “each age cohort” in second sentence and, after second sentence, inserted “For each age cohort below 40, the asset protection allowance shall be computed by decreasing the asset protection allowance for age 40, as updated, by one-fifteenth for each year of age below age 40 and rounding the result to the nearest \$100.”

Subsec. (f). Pub. L. 100–50, § 14(22), substituted “Consumer Price Index for All Urban Consumers” for “Consumer Price Index for Wage Earners and Clerical Workers”.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1087oo, 1087pp, 1087qq, 1089 of this title.

**§ 1087ss. Simplified needs test****(a) Simplified application section****(1) In general**

The Secretary shall develop and use an easily identifiable simplified application section as part of the common financial reporting form prescribed under section 1090(a) of this title for families described in subsections (b) and (c) of this section.

**(2) Reduced data requirements**

The simplified application form shall—

(A) in the case of a family meeting the requirements of subsection (b)(1) of this section, permit such family to submit only the data elements required under subsection (b)(2) of this section for the purposes of establishing eligibility for student financial aid under this part; and

(B) in the case of a family meeting the requirements of subsection (c) of this section, permit such family to be treated as having an expected family contribution equal to zero for purposes of establishing such eligibility and to submit only the data elements required to make a determination under subsection (c) of this section.

**(b) Simplified needs test****(1) Eligibility**

An applicant is eligible to file a simplified form containing the elements required by paragraph (2) if—

(A) in the case of an applicant who is a dependent student—

(i) the student's parents file or are eligible to file a form described in paragraph (3) or certify that they are not required to file an income tax return and the student files or is eligible to file such a form or certifies that the student is not required to file an income tax return; and

(ii) the total adjusted gross income of the parents (excluding any income of the dependent student) is less than \$50,000; or

(B) in the case of an applicant who is an independent student—

(i) the student (and the student's spouse, if any) files or is eligible to file a form described in paragraph (3) or certifies that the student (and the student's spouse, if any) is not required to file an income tax return; and

(ii) the adjusted gross income of the student (and the student's spouse, if any) is less than \$50,000.

**(2) Simplified test elements**

The six elements to be used for the simplified needs analysis are—

(A) adjusted gross income,

(B) Federal taxes paid,

(C) untaxed income and benefits,

(D) the number of family members,

(E) the number of family members in post-secondary education, and

(F) an allowance (A) for State and other taxes, as defined in section 1087oo(c)(2) of this title for dependent students and in section 1087qq(b)(2) of this title for independent students with dependents other than a spouse, or (B) for State and other income taxes, as defined in section 1087pp(b)(2) of this title for independent students without dependents other than a spouse.

**(3) Qualifying forms**

A student or family files a form described in this paragraph if the student or family, respectively, files—

(A) a form 1040A or 1040EZ (including any prepared or electronic version of such form) required pursuant to title 26; or

(B) an income tax return (including any prepared or electronic version of such return) required pursuant to the tax code of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau.

**(c) Zero expected family contribution**

The Secretary shall consider an applicant to have an expected family contribution equal to zero if—

(1) in the case of a dependent student—

(A) the student's parents were not required to file an income tax return under section 6012(a)(1) of title 26; and

(B) the sum of the adjusted gross income of the parents is less than or equal to the maximum amount of income (rounded annually to the nearest thousand dollars) that may be earned in 1992 or the current year, whichever is higher, in order to claim the maximum Federal earned income credit; or

(2) in the case of an independent student with dependents other than a spouse—

(A) the student (and the student's spouse, if any) was not required to file an income tax return under section 6012(a)(1) of title 26; and

(B) the sum of the adjusted gross income of the student and spouse (if appropriate) is less than or equal to the maximum amount of income (rounded annually to the nearest thousand dollars) that may be earned in 1992 or the current year, whichever is higher, in order to claim the maximum Federal earned income credit.

An individual is not required to qualify or file for the earned income credit in order to be eligible under this subsection.

(Pub. L. 89-329, title IV, §479, as added Pub. L. 99-498, title IV, §406(a), Oct. 17, 1986, 100 Stat. 1472; amended Pub. L. 100-50, §14(23)-(25), June 3, 1987, 101 Stat. 352; Pub. L. 100-369, §7(c), July 18,

1988, 102 Stat. 837; Pub. L. 102-26, §11, Apr. 9, 1991, 105 Stat. 129; Pub. L. 102-325, title IV, §471(a), July 23, 1992, 106 Stat. 604; Pub. L. 103-208, §2(g)(10)–(15), Dec. 20, 1993, 107 Stat. 2472.)

#### AMENDMENTS

1993—Subsec. (a)(1). Pub. L. 103-208, §2(g)(10), inserted “of” after “(c)”.

Subsec. (b)(1)(B)(i). Pub. L. 103-208, §2(g)(11), inserted “(and the student’s spouse, if any)” after “student” in two places and struck out “such” before “an income tax return”.

Subsec. (b)(2). Pub. L. 103-208, §2(g)(12), (13), substituted “six elements” for “five elements” in introductory provisions and a comma for semicolon in subpar. (E).

Subsec. (b)(3)(A). Pub. L. 103-208, §2(g)(14)(A), inserted “(including any prepared or electronic version of such form)” before “required”.

Subsec. (b)(3)(B). Pub. L. 103-208, §2(g)(14)(B), inserted “(including any prepared or electronic version of such return)” before “required”.

Subsec. (c)(1)(A). Pub. L. 103-208, §2(g)(15)(A), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “the student’s parents did not file, and were not required to file, a form 1040 required pursuant to title 26; and”.

Subsec. (c)(1)(B). Pub. L. 103-208, §2(g)(15)(C), inserted “in 1992 or the current year, whichever is higher,” after “that may be earned”.

Subsec. (c)(2)(A). Pub. L. 103-208, §2(g)(15)(B), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “the student (and the student’s spouse, if any) did not file, and was not required to file, a form 1040 required pursuant to title 26; and”.

Subsec. (c)(2)(B). Pub. L. 103-208, §2(g)(15)(C), inserted “in 1992 or the current year, whichever is higher,” after “that may be earned”.

1992—Pub. L. 102-325 amended section generally, substituting present provisions for provisions which related to: in subsec. (a), analysis applicable to all title IV programs; in subsec. (b), elements in tests; and in subsec. (c), simplified application form.

1991—Subsec. (a). Pub. L. 102-26 inserted before period at end “, or who file an income tax return pursuant to the tax code of the Commonwealth of Puerto Rico or who are not required to file pursuant to that tax code”.

1988—Subsec. (a). Pub. L. 100-369 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

1987—Subsec. (a). Pub. L. 100-50, §14(23), substituted “subsection (b) of this section” for “paragraph (2)”, “families (1) who” for “families which”, and “and (2) who file a form 1040A or 1040EZ pursuant to title 26, or are not required to file pursuant to such title” for “and which file a form 1040A pursuant to title 26”.

Subsec. (b)(2). Pub. L. 100-50, §14(24)(A), struck out “and State” after “Federal”.

Subsec. (b)(6). Pub. L. 100-50, §14(24)(B)–(D), added par. (6).

Subsec. (c). Pub. L. 100-50, §14(25), added subsec. (c).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986,

Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1090 of this title.

### § 1087tt. Discretion of student financial aid administrators

#### (a) In general

Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances. However, this authority shall not be construed to permit aid administrators to deviate from the contributions expected in the absence of special circumstances. Special circumstances shall be conditions that differentiate an individual student from a class of students rather than conditions that exist across a class of students. Adequate documentation for such adjustments shall substantiate such special circumstances of individual students. In addition, nothing in this subchapter and part C of subchapter I of chapter 34 of title 42 shall be interpreted as limiting the authority of the student financial aid administrator in such cases to request and use supplementary information about the financial status or personal circumstances of eligible applicants in selecting recipients and determining the amount of awards under this subchapter and part C of subchapter I of chapter 34 of title 42. No student or parent shall be charged a fee for collecting, processing, or delivering such supplementary information.

#### (b) Adjustments to assets taken into account

A student financial aid administrator shall be considered to be making a necessary adjustment in accordance with subsection (a) of this section if—

(1) the administrator makes adjustments excluding from family income any proceeds of a sale of farm or business assets of a family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy or an involuntary liquidation; or

(2) the administrator makes adjustments in the award level of a student with a disability so as to take into consideration the additional costs such student incurs as a result of such student’s disability.

#### (c) Adjustments for special circumstances

##### (1) In general

A student financial aid administrator shall be considered to be making an adjustment for special circumstances in accordance with subsection (a) of this section if—

(A) in the case of a dependent student—

(i) such student received a Federal Pell Grant as a dependent student in academic year 1992-1993 and the amount of such student’s Federal Pell Grant for academic year 1993-1994 is at least \$500 less than the amount of such student’s Federal Pell Grant for academic year 1992-1993; and



(ii) the decrease described in clause (i) is the direct result of a change in the determination of such student's need for assistance in accordance with this part that is attributable to the enactment of the Higher Education Amendments of 1992; and

(B) in the case of a single independent student—

(i) such student received a Federal Pell Grant as a single independent student in academic year 1992–1993 and qualified as an independent student in accordance with section 1087vv(d) of this title for academic year 1993–1994, and the amount of such student's Federal Pell Grant for academic year 1993–1994 is at least \$500 less than the amount of such student's Federal Pell Grant for academic year 1992–1993; and

(ii) the decrease described in clause (i) is the direct result of a change in the determination of such student's need for assistance in accordance with this part that is attributable to the enactment of the Higher Education Amendments of 1992.

## (2) Amount

A financial aid administrator shall not make an adjustment for special circumstances pursuant to this subsection in an amount that exceeds one-half of the difference between the amount of a student's Federal Pell Grant for academic year 1992–1993 and the amount of such student's Federal Pell Grant for academic year 1993–1994.

## (3) Academic year limitation

A financial aid administrator shall make adjustments under this subsection only for Federal Pell Grants awarded for academic years 1993–1994, 1994–1995, and 1995–1996.

## (4) Special rule

Adjustments under this subsection shall be made in any fiscal year only if an Act that contains an appropriation for such fiscal year to carry out this subsection is enacted on or after December 20, 1993.

## (5) Limitation

Adjustments under this subsection shall not be available for any academic year to any student who, on the basis of the financial circumstances of the student for the current academic year, would not have been eligible for a grant under this section in academic year 1992–1993.

(Pub. L. 89–329, title IV, § 479A, as added Pub. L. 100–50, § 14(26), June 3, 1987, 101 Stat. 352; amended Pub. L. 101–239, title II, § 2009, Dec. 19, 1989, 103 Stat. 2122; Pub. L. 102–325, title IV, § 471(a), July 23, 1992, 106 Stat. 605; Pub. L. 103–208, § 2(g)(16), Dec. 20, 1993, 107 Stat. 2473.)

### REFERENCES IN TEXT

The Higher Education Amendments of 1992, referred to in subsec. (c)(1)(A)(ii), (B)(ii), is Pub. L. 102–325, July 23, 1992, 106 Stat. 448, as amended. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

### PRIOR PROVISIONS

A prior section 1087tt, Pub. L. 89–329, title IV, § 479A, as added Pub. L. 99–498, title IV, § 406(a), Oct. 17, 1986,

100 Stat. 1472, related to discretion of student financial aid administrators under this part, prior to repeal by section 14(26) of Pub. L. 100–50.

### AMENDMENTS

1993—Subsec. (c). Pub. L. 103–208 added subsec. (c).

1992—Pub. L. 102–325 amended section generally, revising and restating provisions of subssecs. (a) and (b) and striking out former subsec. (c) which related to asset adjustment as example.

1989—Subsec. (a). Pub. L. 101–239 amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: “Nothing in this subchapter and part C of subchapter I of chapter 34 of title 42 shall be interpreted as limiting the authority of the student financial aid administrator, on the basis of adequate documentation, to make necessary adjustments to the cost of attendance and expected student or parent contribution (or both) to allow for treatment of individual students with special circumstances. In addition, nothing in this subchapter and part C of subchapter I of chapter 34 of title 42 shall be interpreted as limiting the authority of the student financial aid administrator to use supplementary information about the financial status or personal circumstance of eligible applicants in selecting recipients and determining the amount of awards under subparts 1 and 2 of part A and parts B and D of this subchapter and part C of subchapter I of chapter 34 of title 42.”

### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103–208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102–325, except as otherwise provided, see section 5(a) of Pub. L. 103–208, set out as a note under section 1003 of this title.

### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102–325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(a) of Pub. L. 102–325, set out as a note under section 1087kk of this title.

### EFFECTIVE DATE

Section effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99–498, see section 27 of Pub. L. 100–50, set out as an Effective Date of 1987 Amendment note under section 1001 of this title.

### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1091 of this title.

## § 1087uu. Disregard of student aid in other Federal programs

Notwithstanding any other provision of law, student financial assistance received under this subchapter and part C of subchapter I of chapter 34 of title 42, or under Bureau of Indian Affairs student assistance programs, shall not be taken into account in determining the need or eligibility of any person for benefits or assistance, or the amount of such benefits or assistance, under any Federal, State, or local program financed in whole or in part with Federal funds.

(Pub. L. 89–329, title IV, § 479B, as added Pub. L. 100–50, § 14(27), June 3, 1987, 101 Stat. 353; amended Pub. L. 102–325, title IV, § 471(a), July 23, 1992, 106 Stat. 606.)

### PRIOR PROVISIONS

A prior section 1087uu, Pub. L. 89–329, title IV, § 479B, as added Pub. L. 99–498, title IV, § 406(a), Oct. 17, 1986, 100 Stat. 1472, related to exclusion of student financial assistance for attendance costs in determining student

eligibility for assistance under any other program funded in whole or part with Federal funds, prior to repeal by section 14(27) of Pub. L. 100-50.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, revising and restating as a single paragraph provisions formerly contained in subsec. (a) which proscribed consideration of aid for attendance costs as income or resources, and in subsec. (b) which delineated elements of attendance costs.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

#### EFFECTIVE DATE

Section effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as an Effective Date of 1987 Amendment note under section 1001 of this title.

Section applicable with respect to financial assistance provided for any academic year beginning after Oct. 17, 1986, see section 406(b)(4) of Pub. L. 99-498, as amended, set out as a note under section 1087kk of this title.

### § 1087uu-1. Native American students

In determining family contributions for Native American students, computations performed pursuant to this part shall exclude—

(1) any income and assets of \$2,000 or less per individual payment received by the student (and spouse) and student's parents under the Per Capita Act or the Distribution of Judgment Funds Act [25 U.S.C. 1401 et seq.]; and

(2) any income received by the student (and spouse) and student's parents under the Alaskan Native Claims Settlement Act [43 U.S.C. 1601 et seq.] or the Maine Indian Claims Settlement Act [25 U.S.C. 1721 et seq.].

(Pub. L. 89-329, title IV, § 479C, as added Pub. L. 100-50, § 14(27), June 3, 1987, 101 Stat. 353; amended Pub. L. 102-325, title IV, § 471(a), July 23, 1992, 106 Stat. 606.)

#### REFERENCES IN TEXT

The Per Capita Act, referred to in par. (1), probably means Pub. L. 98-64, Aug. 2, 1983, 97 Stat. 365, which enacted sections 117a to 117c of Title 25, Indians, and repealed section 117 of Title 25. For complete classification of this Act to the Code, see Tables.

The Distribution of Judgment Funds Act, referred to in par. (1), is Pub. L. 93-134, Oct. 19, 1973, 87 Stat. 466, as amended, also known as the Indian Tribal Judgment Funds Use or Distribution Act, which is classified generally to chapter 16 (§1401 et seq.) of Title 25. For complete classification of this Act to the Code, see Tables.

The Alaskan Native Claims Settlement Act, referred to in par. (2), probably means the Alaska Native Claims Settlement Act, Pub. L. 92-203, Dec. 18, 1971, 85 Stat. 688, as amended, which is classified generally to chapter 33 (§1601 et seq.) of Title 43, Public Lands. For complete classification of this Act to the Code, see Short Title note set out under section 1601 of Title 43 and Tables.

The Maine Indian Claims Settlement Act, referred to in par. (2), probably means the Maine Indian Claims Settlement Act of 1980, Pub. L. 96-420, Oct. 10, 1980, 94 Stat. 1785, which is classified generally to subchapter II (§1721 et seq.) of chapter 19 of Title 25, Indians. For complete classification of this Act to the Code, see Short Title note set out under section 1721 of Title 25 and Tables.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, re-enacting provisions without change.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

#### EFFECTIVE DATE

Section effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as an Effective Date of 1987 Amendment note under section 1001 of this title.

### § 1087vv. Definitions

As used in this part:

#### (a) Total income

(1) Except as provided in paragraph (2), the term “total income” is equal to adjusted gross income plus untaxed income and benefits for the preceding tax year minus excludable income (as defined in subsection (e) of this section).

(2) No portion of any student financial assistance received from any program by an individual, and no portion of a national service educational award or post-service benefit received by an individual under title I of the National and Community Service Act of 1990 [42 U.S.C. 12511 et seq.], shall be included as income or assets in the computation of expected family contribution for any program funded in whole or in part under this chapter.

#### (b) Untaxed income and benefits

The term “untaxed income and benefits” means—

(1) child support received;

(2) welfare benefits, including aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act [42 U.S.C. 601 et seq.] and aid to dependent children;

(3) workman's compensation;

(4) veterans' benefits such as death pension, dependency, and indemnity compensation, but excluding veterans' education benefits as defined in subsection (c) of this section;

(5) interest on tax-free bonds;

(6) housing, food, and other allowances (excluding rent subsidies for low-income housing) for military, clergy, and others (including cash payments and cash value of benefits);

(7) cash support or any money paid on the student's behalf, except, for dependent students, funds provided by the student's parents;

(8) the amount of earned income credit claimed for Federal income tax purposes;

(9) untaxed portion of pensions;

(10) credit for Federal tax on special fuels;

(11) the amount of foreign income excluded for purposes of Federal income taxes;

(12) untaxed social security benefits;

(13) payments to individual retirement accounts and Keogh accounts excluded from income for Federal income tax purposes; and

(14) any other untaxed income and benefits, such as Black Lung Benefits, Refugee Assistance, railroad retirement benefits, or Job

Training Partnership Act [29 U.S.C. 1501 et seq.] noneducational benefits.

**(c) Veteran and veterans' education benefits**

(1) The term “veteran” means any individual who—

(A) has engaged in the active duty in the United States Army, Navy, Air Force, Marines, or Coast Guard; and

(B) was released under a condition other than dishonorable.

(2) The term “veterans' education benefits” means veterans' benefits the student will receive during the award year, including but not limited to the following:

(A) Title 10, chapter 2: Reserve Officer Training Corps scholarship.

(B) Title 10, chapter 106: Selective Reserve.

(C) Title 10, chapter 107: Selective Reserve Educational Assistance Program.

(D) Title 37, chapter 2: Reserve Officer Training Corps Program.

(E) Title 38, chapter 30: Montgomery GI Bill—active duty.

(F) Title 38, chapter 31: vocational rehabilitation.

(G) Title 38, chapter 32: Post-Vietnam Era Veterans' Educational Assistance Program.

(H) Title 38, chapter 35: Dependents Educational Assistance Program.

(I) Public Law 97-376, section 156: Restored Entitlement Program for Survivors (or Quayle benefits).

(J) Public Law 96-342, section 903: Educational Assistance Pilot Program.

**(d) Independent student**

The term “independent”, when used with respect to a student, means any individual who—

(1) is 24 years of age or older by December 31 of the award year;

(2) is an orphan or ward of the court or was a ward of the court until the individual reached the age of 18;

(3) is a veteran of the Armed Forces of the United States (as defined in subsection (c)(1) of this section);

(4) is a graduate or professional student;

(5) is a married individual;

(6) has legal dependents other than a spouse; or

(7) is a student for whom a financial aid administrator makes a documented determination of independence by reason of other unusual circumstances.

**(e) Excludable income**

The term “excludable income” means—

(1) any student financial assistance awarded based on need as determined in accordance with the provisions of this part, including any income earned from work under part C of subchapter I of chapter 34 of title 42;

(2) any living allowance received by a participant in a program established under the National and Community Service Act of 1990 [42 U.S.C. 12501 et seq.];

(3) child support payments made by the student or parent; and

(4) payments made and services provided under part E of title IV of the Social Security Act [42 U.S.C. 670 et seq.].

**(f) Assets**

(1) The term “assets” means cash on hand, including the amount in checking and savings accounts, time deposits, money market funds, trusts, stocks, bonds, other securities, mutual funds, tax shelters, and the net value of real estate, income producing property, and business and farm assets.

(2) With respect to determinations of need under this subchapter and part C of subchapter I of chapter 34 of title 42, other than for subpart 4 of part A of this subchapter, the term “assets” shall not include the net value of—

(A) the family's principal place of residence; or

(B) a family farm on which the family resides.

**(g) Net assets**

The term “net assets” means the current market value at the time of application of the assets (as defined in subsection (f) of this section), minus the outstanding liabilities or indebtedness against the assets.

**(h) Treatment of income taxes paid to other jurisdictions**

(1) The tax on income paid to the Governments of the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or Palau under the laws applicable to those jurisdictions, or the comparable tax paid to the central government of a foreign country, shall be treated as Federal income taxes.

(2) References in this part to title 26, Federal income tax forms, and the Internal Revenue Service shall, for purposes of the tax described in paragraph (1), be treated as references to the corresponding laws, tax forms, and tax collection agencies of those jurisdictions, respectively, subject to such adjustments as the Secretary may provide by regulation.

**(i) Current balance**

The term “current balance of checking and savings accounts” does not include any funds over which an individual is barred from exercising discretion and control because of the actions of any State in declaring a bank emergency due to the insolvency of a private deposit insurance fund.

**(j) Other financial assistance; tuition prepayment plans**

(1) For purposes of determining a student's eligibility for funds under this subchapter and part C of subchapter I of chapter 34 of title 42, estimated financial assistance not received under this subchapter and part C of subchapter I of chapter 34 of title 42 shall include all scholarships, grants, loans, or other assistance known to the institution at the time the determination of the student's need is made, including veterans' education benefits as defined in subsection (c) of this section.

(2)(A) Except as provided in subparagraph (B), for purposes of determining a student's eligibility for funds under this subchapter and part C of subchapter I of chapter 34 of title 42, tuition

prepayment plans shall reduce the cost of attendance (as determined under section 1087ll of this title) by the amount of the prepayment, and shall not be considered estimated financial assistance.

(B) If the institutional expense covered by the prepayment must be part of the student's cost of attendance for accounting purposes, the prepayment shall be considered estimated financial assistance.

(3) Notwithstanding paragraph (1), a national service educational award or post-service benefit under title I of the National and Community Service Act of 1990 [42 U.S.C. 12511 et seq.] shall not be treated as financial assistance for purposes of section 1087kk(3) of this title.

#### **(k) Dependents**

(1) Except as otherwise provided, the term “dependent of the parent” means the student, dependent children of the student's parents, including those children who are deemed to be dependent students when applying for aid under this subchapter and part C of subchapter I of chapter 34 of title 42, and other persons who live with and receive more than one-half of their support from the parent and will continue to receive more than half of their support from the parent during the award year.

(2) Except as otherwise provided, the term “dependent of the student” means the student's dependent children and other persons (except the student's spouse) who live with and receive more than one-half of their support from the student and will continue to receive more than half of their support from the student during the award year.

#### **(l) Family size**

(1) In determining family size in the case of a dependent student—

(A) if the parents are not divorced or separated, family members include the student's parents, and the dependents of the student's parents including the student;

(B) if the parents are divorced or separated, family members include the parent whose income is included in computing available income and that parent's dependents, including the student; and

(C) if the parents are divorced and the parent whose income is so included is remarried, or if the parent was a widow or widower who has remarried, family members also include, in addition to those individuals referred to in subparagraph (B), the new spouse and any dependents of the new spouse if that spouse's income is included in determining the parents' adjusted available income.

(2) In determining family size in the case of an independent student—

(A) family members include the student, the student's spouse, and the dependents of the student; and

(B) if the student is divorced or separated, family members do not include the spouse (or ex-spouse), but do include the student and the student's dependents.

#### **(m) Business assets**

The term “business assets” means property that is used in the operation of a trade or busi-

ness, including real estate, inventories, buildings, machinery, and other equipment, patents, franchise rights, and copyrights.

(Pub. L. 89-329, title IV, § 480, as added Pub. L. 99-498, title IV, § 406(a), Oct. 17, 1986, 100 Stat. 1472; amended Pub. L. 100-50, § 14(28), June 3, 1987, 101 Stat. 353; Pub. L. 100-369, § 7(b), July 18, 1988, 102 Stat. 837; Pub. L. 101-610, title I, § 185(3), (4), Nov. 16, 1990, 104 Stat. 3168; Pub. L. 102-325, title IV, § 471(a), July 23, 1992, 106 Stat. 606; Pub. L. 103-82, title I, § 102(c)(4), (5), Sept. 21, 1993, 107 Stat. 824; Pub. L. 103-208, § 2(g)(17)–(20), Dec. 20, 1993, 107 Stat. 2474.)

#### REFERENCES IN TEXT

The National and Community Service Act of 1990, referred to in subsecs. (a)(2), (e)(2), and (j)(3), is Pub. L. 101-610, Nov. 16, 1990, 104 Stat. 3127, which is classified principally to chapter 129 (§12501 et seq.) of Title 42, The Public Health and Welfare. Title I of the Act enacted subchapter I (§12511 et seq.) of chapter 129 of Title 42 and amended sections 1070a–6 and 1087vv of this title. For complete classification of this Act to the Code, see Short Title note set out under section 12501 of Title 42 and Tables.

This chapter, referred to in subsec. (a)(2), was in the original “this Act”, meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

The Social Security Act, referred to in subsecs. (b)(2) and (e)(4), is act Aug. 14, 1935, ch. 531, 49 Stat. 620, as amended. Parts A and E of title IV of the Act are classified generally to parts A (§601 et seq.) and E (§670 et seq.) of subchapter IV of chapter 7 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

The Job Training Partnership Act, referred to in subsec. (b)(14), is Pub. L. 97-300, Oct. 13, 1982, 96 Stat. 1322, as amended, which is classified generally to chapter 19 (§1501 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 1501 of Title 29 and Tables.

Title 10, chapter 2, referred to in subsec. (c)(2)(A), relates to the organization of the Department of Defense. For provisions relating to the Reserve Officer Training Corps, see chapters 102 and 103 of Title 10, Armed Forces.

Title 10, chapter 107, referred to in subsec. (c)(2)(C), relates to educational assistance for active duty enlistees. For provisions relating to the Selective Reserve educational assistance program, see chapter 106 of Title 10.

Title 37, chapter 2, referred to in subsec. (c)(2)(D), has never been enacted. For provisions relating to the Reserve Officer Training Corps, see chapters 102 and 103 of Title 10.

Public Law 97-376, section 156, referred to in subsec. (c)(2)(I), probably means Pub. L. 97-377, title I, § 156, Dec. 21, 1982, 96 Stat. 1920, as amended, which is set out as a note under section 402 of Title 42, The Public Health and Welfare. Pub. L. 97-376 does not contain a section 156.

Public Law 96-342, section 903, referred to in subsec. (c)(2)(J), is set out as a note under section 2141 of Title 10, Armed Forces.

#### CODIFICATION

Amendment by section 2(g)(19) of Pub. L. 103-208 (which was effective as if included in Pub. L. 102-325) was executed to this section as amended by Pub. L. 102-325 and Pub. L. 103-82, to reflect the probable intent of Congress.

#### AMENDMENTS

1993—Subsec. (a)(2). Pub. L. 103-82, § 102(c)(4), inserted “, and no portion of a national service educational

award or post-service benefit received by an individual under title I of the National and Community Service Act of 1990," after "by an individual".

Subsec. (c)(2). Pub. L. 103-208, §2(g)(17), made technical amendment to references to titles of the United States Code in subpars. (A) to (H).

Subsec. (d)(2). Pub. L. 103-208, §2(g)(18), inserted before semicolon "or was a ward of the court until the individual reached the age of 18".

Subsec. (j)(3). Pub. L. 103-208, §2(g)(19), realigned margin. See Codification note above.

Pub. L. 103-82, §102(c)(5), added par. (3).

Subsecs. (k) to (m). Pub. L. 103-208, §2(g)(20), added subsecs. (k) to (m).

1992—Pub. L. 102-325 amended section generally, substituting subsecs. (a) to (j) for former subsecs. (a) to (i).

1990—Subsec. (d)(2)(F). Pub. L. 101-610, §185(4), inserted "and living allowances as a result of participation in a program established under the National and Community Service Act of 1990" after "other than parents".

Subsec. (f)(3). Pub. L. 101-610, §185(3), added par. (3).

1988—Subsec. (i). Pub. L. 100-369 added subsec. (i).

1987—Subsec. (a)(1). Pub. L. 100-50, §14(28)(A), (B), substituted "paragraphs (2) through (4)" for "paragraphs (2) and (3)" and inserted "minus excludable income (as defined in subsection (f) of this section)" before period at end.

Subsec. (a)(2). Pub. L. 100-50, §14(28)(C), added par. (2) and struck out former par. (2) which read as follows: "The Secretary shall promulgate special regulations to permit, in the computation of family contributions for the programs under subpart 2 of part A and parts B and D of this subchapter and part C of subchapter I of chapter 34 of title 42 for any academic year the exclusion from family income of any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, liquidation, or bankruptcy."

Subsec. (a)(4). Pub. L. 100-50, §14(28)(D), added par. (4).

Subsecs. (b), (c). Pub. L. 100-50, §14(28)(E), substituted subsec. (b) consisting of pars. (1) to (14) for former subsec. (b) consisting of pars. (1) to (19), and substituted subsec. (c) consisting of pars. (1) to (14) for former subsec. (c) consisting of pars. (1) to (16).

Subsec. (d)(2)(F). Pub. L. 100-50, §14(28)(F), substituted "annual total resources (including all sources of resources other than parents)" for "an annual total income".

Subsecs. (f) to (h). Pub. L. 100-50, §14(28)(G), added subsecs. (f) to (h).

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

Amendment by Pub. L. 103-82 effective Oct. 1, 1993, see section 123 of Pub. L. 103-82, set out as a note under section 1701 of Title 16, Conservation.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 applicable with respect to determinations of need under this part for award years beginning on or after July 1, 1993, see section 471(b) of Pub. L. 102-325, set out as a note under section 1087kk of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### DEFINITION OF "INDEPENDENT STUDENT"; APPLICATION TO SPECIFIED PERIODS OF ENROLLMENT

Section 406(b)(5), formerly section 406(b)(4), of Pub. L. 99-498, renumbered Pub. L. 100-50, §22(e)(2), June 3, 1987,

101 Stat. 361, provided that: "The definition of independent student contained in section 480(d) of the Act [20 U.S.C. 1087vv(d)] as amended by subsection (a) of this section shall apply with respect to the determination of such need for periods of enrollment beginning on or after January 1, 1987, in the case of programs operated under part B of title IV of the Act [part B of this subchapter], or for periods of enrollment beginning on or after July 1, 1987, in the case of programs operated under subpart 2 of part A and parts C and E of such title [subpart 2 of part A of this subchapter and part C of subchapter I of chapter 34 of Title 42, The Public Health and Welfare, and part D of this subchapter]."

[References to subpart 2 of part A of title IV of Pub. L. 89-329 deemed, after July 23, 1992, to refer to subpart 3 of such part, see section 402(b) of Pub. L. 102-325, set out as a note under section 1070a-11 of this title.]

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-11, 1078, 1087kk, 1087oo, 1087pp, 1087qq, 1087tt of this title; title 42 sections 12604, 12651d.

#### PART F—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

##### CODIFICATION

This part was originally added as part E of title IV of Pub. L. 89-329 by Pub. L. 90-575, title I, §151, Oct. 16, 1968, 82 Stat. 1032, and subsequently redesignated part F of said title IV by Pub. L. 92-318, title I, §137(b), June 23, 1972, 86 Stat. 273, and then part G of said title IV by Pub. L. 99-498, title IV, §406(a), Oct. 17, 1986, 100 Stat. 1454. For codification purposes, the letter designation of this part was originally changed from "E" to "D." It was subsequently rechanged to "E" when this part was redesignated "F", and then to "F" when this part was redesignated "G". See Codification notes preceding sections 1087a and 1087aa of this title.

Part G of title IV of the Higher Education Act of 1965, comprising this part which was editorially designated as part F of this subchapter, see Codification note above, was originally enacted by Pub. L. 89-329, title IV, §§461 to 464 and 469, as added by Pub. L. 90-575, title I, §§151, 152, Oct. 16, 1968, 82 Stat. 1032, 1033; amended Pub. L. 91-230, Apr. 13, 1970, 84 Stat. 121; Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 95-180, Nov. 15, 1977, 91 Stat. 1372; Pub. L. 95-566, Nov. 1, 1978, 92 Stat. 2402; S. Res. 30, Mar. 7, 1979; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357; Pub. L. 98-79, Aug. 15, 1983, 97 Stat. 476; Pub. L. 99-272, Apr. 7, 1986, 100 Stat. 82. Such part is shown herein, however, as having been added by Pub. L. 99-498, title IV, §407(a), Oct. 17, 1986, 100 Stat. 1475, without reference to such intervening amendments because of the extensive revision of the part's provisions by Pub. L. 99-498.

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in section 1098a of this title.

## § 1088. Definitions

### (a) Institution of higher education

(1) Subject to paragraphs (2) through (4) of this subsection, the term "institution of higher education" for purposes of this subchapter and part C of subchapter I of chapter 34 of title 42 includes, in addition to the institutions covered by the definition in section 1141(a) of this title—

(A) a proprietary institution of higher education;

(B) a postsecondary vocational institution; and

(C) only for the purposes of part B of this subchapter, an institution outside the United

States which is comparable to an institution of higher education as defined in section 1141(a) of this title and which has been approved by the Secretary for the purpose of part B of this subchapter.

(2)(A) For the purpose of qualifying as an institution under paragraph (1)(C) of this subsection, the Secretary shall establish criteria by regulation for the approval of institutions outside the United States and for the determination that such institutions are comparable to an institution of higher education as defined in section 1141(a) of this title. In the case of a graduate medical school outside the United States, such criteria shall include a requirement that a student attending a graduate medical school outside the United States is ineligible for loans made, insured, or guaranteed under part B of this subchapter unless—

(i)(I) at least 60 percent of those enrolled and at least 60 percent of the graduates of the graduate medical school outside the United States were not persons described in section 1091(a)(5) of this title in the year preceding the year for which a student is seeking a loan under part B of this subchapter; and

(II) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of this subchapter; or

(ii) the institution's clinical training program was approved by a State as of January 1, 1992.

(B) For the purpose of qualifying as an institution under paragraph (1)(C), the Secretary shall establish an advisory panel of medical experts which shall—

(i) evaluate the standards of accreditation applied to applicant foreign medical schools; and

(ii) determine the comparability of those standards to standards for accreditation applied to United States medical schools.

If such accreditation standards are determined not to be comparable, the foreign medical school shall be required to meet the requirements of section 1141(a) of this title.

(C) The failure of an institution outside the United States to provide, release, or authorize release to the Secretary of such information as may be required by subparagraph (A) of this paragraph shall render such institution ineligible for the purpose of part B of this subchapter.

(D) The Secretary shall, not later than one year after July 23, 1992, prepare and submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report on the implementation of the regulations required by subparagraph (A) of this paragraph.

(E) If, pursuant to this paragraph, an institution loses eligibility to participate in the programs under this subchapter and part C of subchapter I of chapter 34 of title 42, then a student

enrolled at such institution may, notwithstanding such loss of eligibility, continue to be eligible to receive a loan under part B of this subchapter while attending such institution for the academic year succeeding the academic year in which such loss of eligibility occurred.

(3) An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1), if such institution—

(A) offers more than 50 percent of such institution's courses by correspondence, unless the institution is an institution that meets the definition in section 2471(4)(C) of this title;

(B) enrolls 50 percent or more of its students in correspondence courses, unless the institution is an institution that meets the definition in such section, except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree;

(C) has a student enrollment in which more than 25 percent of the students are incarcerated, except that the Secretary may waive the prohibition of this subparagraph for a nonprofit institution that provides a 4-year or a 2-year program of instruction (or both) for which it awards a bachelor's or associate's degree, respectively; or

(D) has a student enrollment in which more than 50 percent of the students do not have a high school diploma or its recognized equivalent and does not provide a 4-year or a 2-year program of instruction (or both) for which it awards a bachelor's or associate's degree, respectively, except that the Secretary may waive the limitation contained in this subparagraph if a nonprofit institution demonstrates to the satisfaction of the Secretary that it exceeds such limitation because it serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a high school diploma or its recognized equivalent.

(4) An institution shall not be considered to meet the definition of an institution of higher education in paragraph (1) if—

(A) the institution, or an affiliate of the institution that has the power, by contract or ownership interest, to direct or cause the direction of the management or policies of the institution, has filed for bankruptcy; or

(B) the institution, its owner, or its chief executive officer has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this subchapter and part C of subchapter I of chapter 34 of title 42, or has been judicially determined to have committed fraud involving funds under this subchapter and part C of subchapter I of chapter 34 of title 42.

(5) The Secretary shall certify an institution's qualification as an institution of higher education in accordance with the requirements of subpart 3 of part G of this subchapter.

(6) An institution of higher education shall not be considered to meet the definition of an institution of higher education in paragraph (1) if such institution is removed from eligibility for funds under this subchapter and part C of subchapter I of chapter 34 of title 42 as a result of an action pursuant to part G of this subchapter.

**(b) Proprietary institution of higher education**

For the purpose of this section, the term “proprietary institution of higher education” means a school (1) which provides an eligible program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1) and (2) of section 1141(a) of this title, (3) which does not meet the requirement of clause (4) of section 1141(a) of this title, (4) which is accredited by a nationally recognized accrediting agency or association approved by the Secretary pursuant to part G of this subchapter, (5) which has been in existence for at least 2 years, and (6) which has at least 15 percent of its revenues from sources that are not derived from funds provided under this subchapter and part C of subchapter I of chapter 34 of title 42, as determined in accordance with regulations prescribed by the Secretary. Such term also includes a proprietary educational institution in any State which, in lieu of the requirement in clause (1) of section 1141(a) of this title, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

**(c) Postsecondary vocational institution**

For the purpose of this section, the term “postsecondary vocational institution” means a school (1) which provides an eligible program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1), (2), (4), and (5) of section 1141(a) of this title, and (3) which has been in existence for at least 2 years. Such term also includes an educational institution in any State which, in lieu of the requirement in clause (1) of section 1141(a) of this title, admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located.

**(d) Academic and award year**

(1) For the purpose of any program under this subchapter and part C of subchapter I of chapter 34 of title 42, the term “award year” shall be defined as the period beginning July 1 and ending June 30 of the following year.

(2) For the purpose of any program under this subchapter and part C of subchapter I of chapter 34 of title 42, the term “academic year” shall require a minimum of 30 weeks of instructional time, and, with respect to an undergraduate course of study, shall require that during such minimum period of instructional time a full-time student is expected to complete at least 24 semester or trimester hours or 36 quarter hours at an institution that measures program length in credit hours, or at least 900 clock hours at an institution that measures program length in clock hours. The Secretary may reduce such minimum of 30 weeks to not less than 26 weeks for good cause, as determined by the Secretary

on a case-by-case basis, in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree.

**(e) Eligible program**

(1) For purposes of this subchapter and part C of subchapter I of chapter 34 of title 42, the term “eligible program” means a program of at least—

(A) 600 clock hours of instruction, 16 semester hours, or 24 quarter hours, offered during a minimum of 15 weeks, in the case of a program that—

(i) provides a program of training to prepare students for gainful employment in a recognized profession; and

(ii) admits students who have not completed the equivalent of an associate degree; or

(B) 300 clock hours of instruction, 8 semester hours, or 12 hours, offered during a minimum of 10 weeks, in the case of—

(i) an undergraduate program that requires the equivalent of an associate degree for admissions; or

(ii) a graduate or professional program.

(2)(A) A program is an eligible program for purposes of part B of this subchapter if it is a program of at least 300 clock hours of instruction, but less than 600 clock hours of instruction, offered during a minimum of 10 weeks, that—

(i) has a verified completion rate of at least 70 percent, as determined in accordance with the regulations of the Secretary;

(ii) has a verified placement rate of at least 70 percent, as determined in accordance with the regulations of the Secretary; and

(iii) satisfies such further criteria as the Secretary may prescribe by regulation.

(B) In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to have satisfied the requirements of this paragraph.

**(f) Third party servicer**

For purposes of this subchapter and part C of subchapter I of chapter 34 of title 42, the term “third party servicer” means any individual, or any State, or private, profit or nonprofit organization which enters into a contract with—

(1) any eligible institution of higher education to administer, through either manual or automated processing, any aspect of such institution’s student assistance programs under this subchapter and part C of subchapter I of chapter 34 of title 42; or

(2) any guaranty agency, or any eligible lender, to administer, through either manual or automated processing, any aspect of such guaranty agency’s or lender’s student loan programs under part B of this subchapter, including originating, guaranteeing, monitoring, processing, servicing, or collecting loans.

(Pub. L. 89-329, title IV, § 481, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1476; amended Pub. L. 100-50, § 15(1), June 3, 1987,

101 Stat. 355; Pub. L. 101-239, title II, §2007(b), (c), Dec. 19, 1989, 103 Stat. 2120, 2121; Pub. L. 101-508, title III, §3005(b), Nov. 5, 1990, 104 Stat. 1388-28; Pub. L. 102-26, §2(a)(2), (3), (d)(2)(A), Apr. 9, 1991, 105 Stat. 123, 124; Pub. L. 102-325, title IV, §481, July 23, 1992, 106 Stat. 609; Pub. L. 103-208, §2(h)(1)–(6), Dec. 20, 1993, 107 Stat. 2475, 2476.)

#### PRIOR PROVISIONS

A prior section 1088, Pub. L. 89-329, title IV, §481, as added Pub. L. 96-374, title IV, §451(a), Oct. 3, 1980, 94 Stat. 1443, defined “institution of higher education” for this subchapter and part C of subchapter I of chapter 34 of Title 42, The Public Health and Welfare, prior to the general revision of this part by Pub. L. 99-498.

Another prior section 1088, Pub. L. 89-329, title IV, §491, formerly §461, as added Pub. L. 90-575, title I, §151, Oct. 16, 1968, 82 Stat. 1032, renumbered §491 and amended Pub. L. 92-318, title I, §§131(c), 137(b), title X, §1001(c)(3), June 23, 1972, 86 Stat. 259, 272, 381; amended Pub. L. 95-180, §1(b), Nov. 15, 1977, 91 Stat. 1372; Pub. L. 95-566, §6, Nov. 1, 1978, 92 Stat. 2403; Pub. L. 96-49, §5(e), Aug. 13, 1979, 93 Stat. 352, defined terms for this subchapter and part C of subchapter I of chapter 34 of title 42, prior to the general revision of this part by Pub. L. 96-374.

Prior sections 1088a to 1088g were omitted in the general revision of this part by Pub. L. 96-374.

Section 1088a, Pub. L. 89-329, title IV, §492, formerly §462, as added Pub. L. 90-575, title I, §151, Oct. 16, 1968, 82 Stat. 1032; renumbered §492, Pub. L. 92-318, title I, §137(b), June 23, 1972, 86 Stat. 272, related to the eligibility of residents of the Trust Territory of the Pacific Islands. See section 1091(b) of this title.

Section 1088b, Pub. L. 89-329, title IV, §493, formerly §463, as added Pub. L. 90-575, title I, §152, Oct. 16, 1968, 82 Stat. 1033; renumbered §493, Pub. L. 92-318, title I, §137(b), June 23, 1972, 86 Stat. 272; amended Pub. L. 94-482, title I, §131(a), Oct. 12, 1976, 90 Stat. 2147; Pub. L. 95-43, §1(a)(40), June 15, 1977, 91 Stat. 217, related to administration expenses. See section 1096 of this title.

Section 1088b-1, Pub. L. 89-329, title IV, §493A, as added Pub. L. 94-482, title I, §131(b), Oct. 12, 1976, 90 Stat. 2148, related to institutional and financial assistance information for students. See section 1092 of this title.

Section 1088b-2, Pub. L. 89-329, title IV, §493B, as added Pub. L. 94-482, title I, §131(b), Oct. 12, 1976, 90 Stat. 2149, related to student aid information services.

Section 1088b-3, Pub. L. 89-329, title IV, §493C, as added Pub. L. 94-482, title I, §131(b), Oct. 12, 1976, 90 Stat. 2149, related to the student financial assistance training program.

Section 1088c, Pub. L. 89-329, title IV, §494, formerly §464, as added Pub. L. 90-575, title I, §152, Oct. 16, 1968, 82 Stat. 1033; renumbered §494 and amended Pub. L. 92-318, title I, §§137(b), 138(a), June 23, 1972, 86 Stat. 272, 280, related to maintenance of effort requirement.

Section 1088d, Pub. L. 89-329, title IV, §495, as added Pub. L. 92-318, title I, §139, June 23, 1972, 86 Stat. 280; amended S. Res. 4, Feb. 4, 1977; S. Res. 30, Mar. 7, 1979, related to requirement that copies of rules, regulations, instructions, and application forms be supplied to Congressional committees. See section 1090(b) of this title.

Section 1088e, Pub. L. 89-329, title IV, §496, as added Pub. L. 92-318, title I, §139A(a), June 23, 1972, 86 Stat. 281, related to transfer of funds between programs. See section 1095 of this title.

Section 1088f, Pub. L. 89-329, title IV, §497, as added Pub. L. 92-318, title I, §139B(a), June 23, 1972, 86 Stat. 281; amended Pub. L. 94-482, title I, §132, Oct. 12, 1976, 90 Stat. 2150; Pub. L. 95-566, §7, Nov. 1, 1978, 92 Stat. 2404, related to eligibility for student assistance. See section 1091 of this title.

Section 1088f-1, Pub. L. 89-329, title IV, §497A, as added Pub. L. 94-482, title I, §133(a), Oct. 12, 1976, 90 Stat. 2150; amended Pub. L. 95-43, §1(a)(41), June 15, 1977, 91 Stat. 217; Pub. L. 95-561, title XII, §1231(b), Nov. 1, 1978, 92 Stat. 2346, related to fiscal eligibility of institutions.

Section 1088g, Pub. L. 89-329, title IV, §498, as added Pub. L. 92-318, title I, §139C(a), June 23, 1972, 86 Stat. 282, related to requirement of an affidavit of educational purpose.

#### AMENDMENTS

1993—Subsec. (a)(3)(B). Pub. L. 103-208, §2(h)(1), inserted before semicolon at end “, except that the Secretary, at the request of such institution, may waive the applicability of this subparagraph to such institution for good cause, as determined by the Secretary in the case of an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree”.

Subsec. (a)(3)(D). Pub. L. 103-208, §2(h)(2), substituted “do not have a high school diploma or its recognized equivalent” for “are admitted pursuant to section 1091(d) of this title” and inserted before period at end “, except that the Secretary may waive the limitation contained in this subparagraph if a nonprofit institution demonstrates to the satisfaction of the Secretary that it exceeds such limitation because it serves, through contracts with Federal, State, or local government agencies, significant numbers of students who do not have a high school diploma or its recognized equivalent”.

Subsec. (a)(4)(A). Pub. L. 103-208, §2(h)(3), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “such institution has filed for bankruptcy; or”.

Subsec. (d)(2). Pub. L. 103-208, §2(h)(4), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “For the purpose of any program under this subchapter and part C of subchapter I of chapter 34 of title 42, the term ‘academic year’ shall require a minimum of 30 weeks of instructional time in which a full-time student is expected to complete at least 24 semester or trimester hours or 36 quarter hours at an institution which measures program length in credit hours or at least 900 clock hours at an institution which measures program length in clock hours.”

Subsec. (e)(2). Pub. L. 103-208, §2(h)(5), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “The Secretary shall develop regulations to determine the quality of programs of less than 600 clock hours in length. Such regulations shall require, at a minimum, that the programs have a verified rate of completion of at least 70 percent and a verified rate of placement of at least 70 percent. Pursuant to these regulations and notwithstanding paragraph (1), the Secretary shall allow programs of less than 600 clock hours, but greater than 300 clock hours, in length to be eligible to participate in the programs authorized under part B of this subchapter.”

Subsec. (f). Pub. L. 103-208, §2(h)(6), substituted “individual, or any State,” for “State” in introductory provisions.

1992—Pub. L. 102-325, §481(a), amended section catchline.

Subsec. (a). Pub. L. 102-325, §481(a), added subsec. (a) and struck out former subsec. (a) which contained pars. (1) and (2) defining “institution of higher education” and “accredited” and par. (3) which related to recognition of accreditation of eligible institutions of higher education.

Subsec. (b). Pub. L. 102-325, §481(b)(4), struck out at end “For the purpose of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.”

Subsec. (b)(1). Pub. L. 102-325, §481(b)(1), substituted “an eligible program” for “not less than a 6-month program”.

Subsec. (b)(4). Pub. L. 102-325, §481(b)(2), substituted “pursuant to part G of this subchapter,” for “for this purpose, and”.

Subsec. (b)(5), (6). Pub. L. 102-325, §481(b)(3), substituted “years, and” for “years.” in cl. (5) and added cl. (6).



Subsec. (c)(1). Pub. L. 102-325, § 481(c), substituted “an eligible program” for “not less than a six-month program”.

Subsec. (d). Pub. L. 102-325, § 481(d), inserted “and award” after “Academic” in heading and amended text generally. Prior to amendment, text read as follows: “For the purpose of any program under this subchapter and part C of subchapter I of chapter 34 of title 42, the term ‘academic year’ shall be defined by the Secretary by regulation.”

Subsec. (e). Pub. L. 102-325, § 481(e), amended subsec. (e) generally, substituting provisions relating to eligible program for provisions relating to impact of loss of accreditation.

Subsec. (f). Pub. L. 102-325, § 481(f), added subsec. (f). 1991—Subsec. (b). Pub. L. 102-26, § 2(d)(2)(A), repealed Pub. L. 101-508, § 3005(b). See 1990 Amendment note below.

Pub. L. 102-26, § 2(a)(2), struck out “and who have the ability to benefit (as determined by the institution under section 1091(d) of this title) from the training offered by the institution” before period at end of second sentence, and struck out at end “The Secretary shall not promulgate regulations defining the admissions procedures or remediation programs that must be used by an institution in admitting students on the basis of their ability to benefit from the training offered and shall not, as a condition of recognition under section 413(e) of this Act, impose upon any accrediting body or bodies standards which are different or more restrictive than the standards provided in this subsection.”

Subsec. (c). Pub. L. 102-26, § 2(a)(3), struck out before period at end “and who have the ability to benefit (as determined by the institution under section 1091(d) of this title) from the training offered by the institution”.

1990—Subsec. (b). Pub. L. 101-508, which inserted “, except in accordance with section 1091(d) of this title,” after “shall not” in fourth sentence, was repealed by Pub. L. 102-26, § 2(d)(2)(A). See Construction of 1991 Amendment note below.

1989—Subsec. (a)(1). Pub. L. 101-239, § 2007(b)(1), substituted “Subject to subsection (e) of this section, for the purpose” for “For the purpose”.

Subsec. (a)(3). Pub. L. 101-239, § 2007(c), added par. (3). Subsec. (e). Pub. L. 101-239, § 2007(b)(2), added subsec. (e).

1987—Subsec. (c). Pub. L. 100-50 substituted “section 1091(d) of this title” for “subsection (d) of this section”.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Section 498 of Pub. L. 102-325 provided that: “The changes made in part G of title IV of the Act [20 U.S.C. 1088 et seq.] by the amendments made by this part [part G (§§ 481-498) of title IV of Pub. L. 102-325, enacting sections 1091b, 1092c, 1094a, 1094b, 1098a, and 1098b of this title, amending sections 1088 to 1091, 1092, 1092b, 1093, 1094, 1095, 1096, 1097, and 1098 of this title, and repealing section 1096a of this title] shall take effect on the date of enactment of this Act [July 23, 1992], except that—

“(1) as otherwise provided in such part G;

“(2) the changes in section 481(a) [20 U.S.C. 1088(a)], relating to the definition of institution of higher education, other than paragraph (4) of such section, shall be effective on and after October 1, 1992;

“(3) section 481(e) as added by such amendments, relating to the definition of eligible program, shall be effective on and after July 1, 1993;

“(4) section 484(m)(1) [20 U.S.C. 1091(m)(1)], relating to proportion of courses permitted to be correspondence courses, as added by such amendments shall be effective on and after October 1, 1992;

“(5) the changes in section 485 [20 U.S.C. 1092], relating to disclosures, shall be effective with respect to periods of enrollment beginning on or after July 1, 1993;

“(6) the changes in section 488 [20 U.S.C. 1095], relating to transfers of allotments, shall apply with respect to funds provided for award years beginning on or after July 1, 1993; and

“(7) the changes in section 489 [20 U.S.C. 1096], relating to payments for administrative expenses, shall apply with respect to funds provided for award years beginning on or after July 1, 1993.”

#### EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by Pub. L. 102-26 applicable to any grant, loan, or work assistance to cover the cost of instruction for periods of enrollment beginning on or after July 1, 1991, see section 2(d)(1) of Pub. L. 102-26, set out as a note under section 1085 of this title.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Section 3005(c) of Pub. L. 101-508, which provided that the amendments made by section 3005 (amending this section and section 1091 of this title) were to apply to any grant, loan, or work assistance to cover the cost of instruction for periods of enrollment beginning on or after Jan. 1, 1991, was repealed by section 2(d)(2)(A) of Pub. L. 102-26. See Construction of 1991 Amendment note below.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### CONSTRUCTION OF 1991 AMENDMENT

Section 2(d)(2)(A) of Pub. L. 102-26 provided that: “Section 3005 of the Omnibus Reconciliation Act of 1990 [Pub. L. 101-508, amending this section and section 1091 of this title and enacting provisions set out as a note above] is repealed. Sections 484(d) and 481(b) of the Act [20 U.S.C. 1091(d), 1088(b)] shall be applied as if such section 3005 had not been enacted.”

#### NEED-BASED AID

Section 1544 of Pub. L. 102-325 authorized institutions of higher education to voluntarily agree with other such institutions to award financial aid not awarded under this chapter to students attending such institutions only on basis of demonstrated financial need for such aid, and to discuss and adopt principles of professional judgment for determining student financial need for such aid, with exceptions for cases pending on July 23, 1992, and for discussions or agreements on prospective financial aid awards to specific common applicants, and provided that such authorization was to expire on Sept. 30, 1994, prior to repeal by Pub. L. 103-382, title V, § 568(e)(2), Oct. 20, 1994, 108 Stat. 4061. See section 568(a)-(d) of Pub. L. 103-382, set out as a note under section 1 of Title 15, Commerce and Trade.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1011a, 1070a-61, 1075, 1078, 1078-8, 1085, 1094, 1099a, 1099a-1, 1099b, 1099c, 1145, 1201a, 2394a, 5938, 6103 of this title; title 26 section 135; title 29 sections 1503, 1551, 2204; title 42 sections 292d, 602, 12604.

### § 1088a. Clock and credit hour treatment of diploma nursing schools

Notwithstanding any other provision of this chapter, any regulations promulgated by the

Secretary concerning the relationship between clock hours and semester, trimester, or quarter hours in calculating student grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42, shall not apply to a public or private nonprofit hospital-based school of nursing that awards a diploma at the completion of the school's program of education.

(Pub. L. 89-329, title IV, § 481A, as added Pub. L. 103-382, title III, § 360(a), Oct. 20, 1994, 108 Stat. 3969.)

#### REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### EFFECTIVE DATE

Section 360(b) of Pub. L. 103-382 provided that: "Subsection (a) [enacting this section] and the amendment made by subsection (a) shall take effect on July 1, 1994."

### § 1089. Master calendar

#### (a) Secretary required to comply with schedule

To assure adequate notification and timely delivery of student aid funds under this subchapter and part C of subchapter I of chapter 34 of title 42, the Secretary shall adhere to the following calendar dates in the year preceding the award year:

(1) Development and distribution of Federal and multiple data entry forms—

(A) by February 1: first meeting of the technical committee on forms design of the Department;

(B) by March 1: proposed modifications and updates pursuant to section 1087rr of this title published in the Federal Register;

(C) by June 1: final modifications and updates pursuant to section 1087rr of this title published in the Federal Register;

(D) by August 15: application for Federal student assistance and multiple data entry data elements and instructions approved;

(E) by August 30: final approved forms delivered to servicers and printers;

(F) by October 1: Federal and multiple data entry forms and instructions printed; and

(G) by November 1: Federal and multiple data entry forms, instructions, and training materials distributed.

(2) Allocations of campus-based and Pell Grant funds—

(A) by August 1: distribution of institutional application for campus-based funds (FISAP) to institutions;

(B) by October 1: final date for submission of FISAP by institutions to the Department;

(C) by November 15: edited FISAP and computer printout received by institutions;

(D) by December 1: appeals procedures received by institutions;

(E) by December 15: edits returned by institutions to the Department;

(F) by February 1: tentative award levels received by institutions and final Pell Grant payment schedule;

(G) by February 15: closing date for receipt of institutional appeals by the Department;

(H) by March 1: appeals process completed;

(I) by April 1: final award notifications sent to institutions; and

(J) by June 1: Pell Grant authorization levels sent to institutions.

#### (b) Timing for reallocations

With respect to any funds reallocated under section 1070b-3(e) of this title, section 2752(e) of title 42, or section 1087bb(j) of this title, the Secretary shall reallocate such funds at any time during the course of the year that will best meet the purpose of the programs under subpart 3 of part A of this subchapter, part C of subchapter I of chapter 34 of title 42, and part D of this subchapter, respectively. However, such reallocation shall occur at least once each year, not later than September 30 of that year.

#### (c) Delay of effective date of late publications

Any regulatory changes initiated by the Secretary affecting the programs pursuant to this subchapter and part C of subchapter I of chapter 34 of title 42 that have not been published in final form by December 1 prior to the start of the award year shall not become effective until the beginning of the second award year after such December 1 date. For award year 1994-95, this subsection shall not require a delay in the effectiveness of regulatory changes affecting this part and parts B and G of this subchapter that are published in final form by May 1, 1994.

#### (d) Notice to Congress

The Secretary shall notify the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives when a deadline included in the calendar described in subsection (a) of this section is not met. Nothing in this section shall be interpreted to penalize institutions or deny them the specified times allotted to enable them to return information to the Secretary based on the failure of the Secretary to adhere to the dates specified in this section.

(Pub. L. 89-329, title IV, § 482, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1477; amended Pub. L. 100-50, § 15(2), June 3, 1987, 101 Stat. 355; Pub. L. 102-325, title IV, § 482, July 23, 1992, 106 Stat. 612; Pub. L. 103-208, § 2(h)(7), Dec. 20, 1993, 107 Stat. 2476; Pub. L. 104-66, title I, § 1042(b), Dec. 21, 1995, 109 Stat. 715.)

#### PRIOR PROVISIONS

A prior section 1089, Pub. L. 89-329, title IV, § 482, as added Pub. L. 96-374, title IV, § 451(a), Oct. 3, 1980, 94 Stat. 1445; amended Pub. L. 97-35, title V, § 533(a)(1), (2), (b), Aug. 13, 1981, 95 Stat. 453; Pub. L. 99-272, title XVI, § 16031, Apr. 7, 1986, 100 Stat. 354, related to analysis of student's need for financial assistance, prior to the general revision of this part by Pub. L. 99-498.

Another prior section 1089, Pub. L. 89-329, title IV, § 499, formerly § 469, as added Pub. L. 90-575, title I, § 151, Oct. 16, 1968, 82 Stat. 1032; amended Pub. L. 91-230, title IV, § 401(h)(4), Apr. 13, 1970, 84 Stat. 174; renumbered Pub. L. 92-318, title I, § 137(b), June 23, 1972, 86 Stat. 272, related to the Advisory Council on Financial Aid to Students, prior to the general revision of this part by Pub. L. 96-374.

#### AMENDMENTS

1995—Subsec. (d). Pub. L. 104-66, in first sentence substituted "a deadline included in the calendar described

in subsection (a) of this section is not met” for “the items specified in the calendar have been completed and provide all relevant forms, rules, and instructions with such notice” and after first sentence struck out “When a deadline included in the calendar is not met, the Secretary, within 7 days, shall submit to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives a written report, including proper documentation, as to why the deadline was not adhered to and a detailed plan for ensuring that subsequent dates are met.”

1993—Subsec. (c). Pub. L. 103-208 inserted at end “For award year 1994-95, this subsection shall not require a delay in the effectiveness of regulatory changes affecting this part and parts B and G of this subchapter that are published in final form by May 1, 1994.”

1992—Subsec. (a)(1)(B), (C). Pub. L. 102-325, § 482(b)(1), substituted “section 1087rr” for “sections 1070a-5 and 1087rr”.

Subsec. (b). Pub. L. 102-325, § 482(b)(2), substituted “subpart 3” for “subpart 2”.

Subsec. (c). Pub. L. 102-325, § 482(a), amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: “Any additional regulatory changes initiated by the Secretary affecting the general administration of the programs pursuant to this subchapter and part C of subchapter I of chapter 34 of title 42 that have not been published in final form by December 1 prior to the start of the award year shall not become effective until the beginning of the second award year after the December 1 date.”

1987—Subsec. (b). Pub. L. 100-50 inserted reference to section 1087bb(j) of this title and part D of this subchapter.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### ESTABLISHMENT OF SEPARATE SYSTEMS OF NEED ANALYSIS FOR ACADEMIC YEARS 1983-1984 THROUGH 1987-1988

Pub. L. 97-301, § 4, Oct. 13, 1982, 96 Stat. 1400, as amended by Pub. L. 98-79, § 4(a), Aug. 15, 1983, 97 Stat. 480; Pub. L. 98-511, title VII, § 707(3), Oct. 19, 1984, 98 Stat. 2407; Pub. L. 99-498, title IV, § 408(a)(1), Oct. 17, 1986, 100 Stat. 1495, which required Secretary of Education to establish or approve separate systems of need analysis for the academic years 1983-1984, 1984-1985, 1985-1986, 1986-1987, and 1987-1988 for the programs authorized under subpart 2 [now 3] of part A [20 U.S.C. 1070b et seq.], part C [42 U.S.C. 2751 et seq.], and part E [20 U.S.C. 1087aa et seq.] of title IV of the Higher Education Act of 1965, was repealed by Pub. L. 99-498, title IV, § 408(b), Oct. 17, 1986, 100 Stat. 1495, eff. with respect to any academic year beginning on or after July 1, 1988.

#### DETERMINATION OF INDEPENDENT STUDENT STATUS FOR ACADEMIC YEARS 1982-1983 THROUGH 1987-1988

Pub. L. 97-301, § 6, Oct. 13, 1982, 96 Stat. 1400, as amended by Pub. L. 98-79, § 4(a), Aug. 15, 1983, 97 Stat. 481; Pub. L. 98-516, title VII, § 707(3), Oct. 19, 1984, 98

Stat. 2407; Pub. L. 99-498, title IV, § 408(a)(1), Oct. 17, 1986, 100 Stat. 1495, which provided that notwithstanding any rule or regulation, the criteria for the determination of independent student status, prescribed under subsec. (c)(2) of this section, in effect for academic year 1982-1983, was to be the criteria for such determinations for each of the academic years 1983-1984, 1984-1985, 1985-1986, 1986-1987, and 1987-1988, was repealed by Pub. L. 99-498, title IV, § 408(b), Oct. 17, 1986, 100 Stat. 1495, eff. with respect to any academic year beginning on or after July 1, 1988.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a, 1087rr of this title; title 42 section 2753.

### § 1090. Forms and regulations

#### (a) Common financial aid form and processing

##### (1) Single form required

The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall produce, distribute, and process free of charge a common financial reporting form to be used to determine the need and eligibility of a student for financial assistance under parts A, C, and D of this subchapter and part C of subchapter I of chapter 34 of title 42 (other than under subpart 4 of part A of this subchapter) and to determine the need of a student for the purpose of part B of this subchapter. The Secretary may include on the form developed pursuant to this paragraph not more than eight nonfinancial data items selected in consultation with the States to assist the States in awarding State student financial assistance. Such form shall satisfy the requirements of section 1070a(d) of this title. For the purpose of collecting eligibility and other data for the purpose of part B of this subchapter, the Secretary shall develop a separate, identifiable loan application document (pursuant to section 1082(m) of this title) that applicants or institutions in which the students are enrolled or accepted for enrollment shall submit directly to eligible lenders and on which the applicant shall clearly indicate a choice of a lender.

##### (2) Charges to students and parents for use of form prohibited

The common financial reporting form prescribed by the Secretary under paragraph (1) shall be produced, distributed, and processed by the Secretary and no parent or student shall be charged a fee for the collection, processing, or delivery of financial aid through the use of such form. The need and eligibility of a student for financial assistance under parts A, C, and D of this subchapter and part C of subchapter I of chapter 34 of title 42 (other than under subpart 4 of part A of this subchapter) and the need of a student for the purpose of part B of this subchapter, may only be determined by using the form developed by the Secretary pursuant to paragraph (1) of this subsection. No student may receive assistance under parts A, C, and D of this subchapter and part C of subchapter I of chapter 34 of title 42 (other than under subpart 4 of part A of this subchapter) or have the student's need established for the purpose of part B of this sub-

chapter, except by use of the form developed by the Secretary pursuant to this section. No data collected on a form for which a fee is charged shall be used to complete the form prescribed under paragraph (1).

**(3) Distribution of data**

Institutions of higher education and States shall receive, without charge, the data collected by the Secretary using the form developed pursuant to this section for the purposes of determining need and eligibility for institutional and State financial aid awards. Entities designated by institutions of higher education or States to receive such data shall be subject to all requirements of this section, unless such requirements are waived by the Secretary.

**(4) Contracts for collection and processing**

(A) The Secretary shall, to the extent practicable, enter into not less than 5 contracts with States, institutions of higher education, or private organizations for the purposes of the timely collection and processing of the form developed pursuant to paragraph (1) and the timely delivery of the data submitted on such form. The Secretary shall use such contracts to assist States and institutions of higher education with the collection of additional data required to award State or institutional financial assistance, except that the Secretary shall not include these additional data items on the common financial reporting form developed pursuant to this section. The Secretary shall include in each such contract a requirement that—

(i) any charges by the contractor to the student or parent for additional data items required by a State or institution for any purpose (regardless of the method of collection) shall be reasonable and shall not exceed the marginal cost of collecting, processing, and delivering such additional data, taking into account any payment received by the contractor to produce, distribute, and process the common financial reporting form prescribed by the Secretary pursuant to paragraph (1); and

(ii) the contractor will require any person or entity to whom the contractor provides such additional data to agree not to collect from any student or parent any charge that would not be permitted under this subparagraph for any such additional data.

(B) To the extent practicable, the Secretary shall ensure that at least one contractor, or a portion of one contract, under this paragraph will serve graduate and professional students.

(C) As part of the procurement process for the 1993–1994 award year, and for all procurements thereafter pertaining to the contracts under this paragraph, the Secretary shall require all entities competing for such contracts to comply with all requirements of this subsection and to—

(i) use the common financial reporting form as prescribed in paragraph (1), which shall be clearly identified as the “Free Application for Federal Student Aid”; and

(ii) use a common, simplified reapplication form as the Secretary shall prescribe pursu-

ant to subsection (b) of this section, in each award year.

(D) The Secretary shall reimburse all approved contractors at a reasonable predetermined rate for processing such applications, for issuing eligibility reports, and for carrying out other services or requirements that may be prescribed by the Secretary.

(E) All approved contractors shall be required to adhere to all editing, processing, and reporting requirements established by the Secretary to ensure consistency.

(F) No approved contractor shall enter into exclusive arrangements with guarantors, lenders, secondary markets, or institutions of higher education for the purpose of reselling or sharing of data collected for the multiple data entry process. All data collected under a contract issued by the Secretary pursuant to this paragraph for the multiple data entry process is the exclusive property of the Secretary and may not be transferred to a third party by an approved contractor without the Secretary’s express written approval.

**(b) Streamlined reapplication process**

(1) The Secretary shall, within 240 days after July 23, 1992, develop a streamlined reapplication form and process, including electronic reapplication process, consistent with the requirements of subsection (a) of this section, for those recipients who apply for financial aid funds under this subchapter and part C of subchapter I of chapter 34 of title 42 in the next succeeding academic year subsequent to the initial year in which such recipients apply.

(2) The Secretary shall develop appropriate mechanisms to support reapplication.

(3) The Secretary shall determine, in cooperation with States, institutions of higher education, agencies and organizations involved in student financial assistance, the data elements that can be updated from the previous academic year’s application.

(4) Nothing in this subchapter and part C of subchapter I of chapter 34 of title 42 shall be interpreted as limiting the authority of the Secretary to reduce the number of data elements required of reapplicants.

(5) Individuals determined to have a zero family contribution pursuant to section 1087ss of this title shall not be required to provide any financial data, except that which is necessary to determine eligibility under that section.

**(c) Information to committees of Congress**

Copies of all rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this subchapter and part C of subchapter I of chapter 34 of title 42 shall be provided to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives at least 45 days prior to their effective date.

**(d) Toll-free information**

The Secretary shall contract for, or establish, and publicize a toll-free telephone service to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing the

application form for assistance under this subchapter and part C of subchapter I of chapter 34 of title 42. Such service shall also include a service accessible by telecommunications devices for the deaf (TDD's) and shall, in addition to the services provided for in the previous sentence, refer such students to the national clearinghouse on postsecondary education that is authorized under section 1433(c) of this title.

#### (e) Preparer

Any financial aid application required to be made under this subchapter and part C of subchapter I of chapter 34 of title 42 shall include the name, signature, address or employer's address, social security number or employer identification number, and organizational affiliation of the preparer of such financial aid application.

#### (f) Special rule

Nothing in section 1544<sup>1</sup> of the Higher Education Amendments of 1992 shall relieve processors or institutions of higher education of any or all obligations under this section.

(Pub. L. 89-329, title IV, § 483, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1478; amended Pub. L. 100-50, § 15(3)-(6), June 3, 1987, 101 Stat. 356; Pub. L. 102-325, title IV, § 483, July 23, 1992, 106 Stat. 612; Pub. L. 103-208, § 2(h)(8)-(12), Dec. 20, 1993, 107 Stat. 2476.)

#### REFERENCES IN TEXT

Section 1544 of the Higher Education Amendments of 1992, referred to in subsec. (f), is section 1544 of Pub. L. 102-325, which was set out as a note under section 1088 of this title, prior to repeal by Pub. L. 103-382, title V, § 568(e)(2), Oct. 20, 1994, 108 Stat. 4061.

#### PRIOR PROVISIONS

A prior section 1090, Pub. L. 89-329, title IV, § 483, as added Pub. L. 96-374, title IV, § 451(a), Oct. 3, 1980, 94 Stat. 1448, related to forms and regulations for student assistance programs, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (a)(1). Pub. L. 103-208, § 2(h)(8), made technical amendment to reference to section 1070a(d) of this title to correct reference to corresponding section of original act.

Subsec. (a)(2). Pub. L. 103-208, § 2(h)(9), inserted at end “No data collected on a form for which a fee is charged shall be used to complete the form prescribed under paragraph (1).”

Subsec. (a)(3). Pub. L. 103-208, § 2(h)(10), inserted at end “Entities designated by institutions of higher education or States to receive such data shall be subject to all requirements of this section, unless such requirements are waived by the Secretary.”

Subsecs. (d), (e). Pub. L. 103-208, § 2(h)(12), redesignated subsecs. (e) and (f) as (d) and (e), respectively.

Subsec. (f). Pub. L. 103-208, § 2(h)(12), redesignated subsec. (g) as (f). Former subsec. (f) redesignated (e).

Pub. L. 103-208, § 2(h)(11), substituted “address or employer's address, social security number or employer identification number,” for “address, social security number.”

Subsec. (g). Pub. L. 103-208, § 2(h)(12), redesignated subsec. (g) as (f).

1992—Subsec. (a). Pub. L. 102-325, § 483(a), added subsec. (a) and struck out former subsec. (a) which contained pars. (1) to (5) relating to a common financial aid form and processing of financial aid applications.

Subsec. (b). Pub. L. 102-325, § 483(a), added subsec. (b) and struck out former subsec. (b) which related to certifications of capability of systems for determining expected family contributions.

Subsec. (d). Pub. L. 102-325, § 483(b)(1), struck out subsec. (d) which related to provision of early notice to students of their potential eligibility for financial aid.

Subsec. (e). Pub. L. 102-325, § 483(b)(2), amended subsec. (e) generally. Prior to amendment, subsec. (e) read as follows: “The Secretary shall contract for, or establish, and publicize a toll-free telephone number to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing application forms for assistance under this subchapter and part C of subchapter I of chapter 34 of title 42.”

Subsecs. (f), (g). Pub. L. 102-325, § 483(b)(1), (3), added subsecs. (f) and (g) and struck out former subsec. (f) which related to notice of student aid receipt.

1987—Subsec. (a)(1). Pub. L. 100-50, § 15(3), (4), inserted in second sentence “or institutions in which the students are enrolled or accepted for enrollment” after “that applicants” and “and on which the applicant shall clearly indicate a choice of lender” before period at end.

Subsec. (a)(2). Pub. L. 100-50, § 15(5), substituted “not less than 5” for “not less than 3” and inserted sentence at end providing that the Secretary not select new multiple data entry processors until certain examinations and recommendations are made by the Advisory Commission on Student Financial Assistance.

Subsecs. (b) to (f). Pub. L. 100-50, § 15(6), added subsec. (b) and redesignated former subsecs. (b) to (e) as (c) to (f), respectively.

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Subsec. (e) of this section applicable to student assistance awarded for periods of enrollment beginning on or after July 1, 1987, see section 407(b) of Pub. L. 99-498, set out as a note under section 1091 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-71, 1087e, 1087ss, 1098 of this title.

### § 1091. Student eligibility

#### (a) In general

In order to receive any grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42, a student must—

(1) be enrolled or accepted for enrollment in a degree, certificate, or other program (including a program of study abroad approved for

<sup>1</sup> See References in Text note below.

credit by the eligible institution at which such student is enrolled) leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 1094 of this title, except as provided in subsections (b)(3) and (b)(4) of this section, and not be enrolled in an elementary or secondary school;

(2) if the student is presently enrolled at an institution, be maintaining satisfactory progress in the course of study the student is pursuing in accordance with the provisions of subsection (c) of this section;

(3) not owe a refund on grants previously received at any institution under this subchapter and part C of subchapter I of chapter 34 of title 42, or be in default on any loan from a student loan fund at any institution provided for in part D of this subchapter, or a loan made, insured, or guaranteed by the Secretary under this subchapter and part C of subchapter I of chapter 34 of title 42 for attendance at any institution;

(4) file with the institution of higher education which the student intends to attend, or is attending (or in the case of a loan or loan guarantee with the lender), a document, which need not be notarized, but which shall include—

(A) a statement of educational purpose stating that the money attributable to such grant, loan, or loan guarantee will be used solely for expenses related to attendance or continued attendance at such institution; and

(B) such student's social security number, except that the provisions of this subparagraph shall not apply to a student from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau;<sup>1</sup>

(5) be a citizen or national of the United States, a permanent resident of the United States, able to provide evidence from the Immigration and Naturalization Service that he or she is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident, or a permanent resident of the Trust Territory of the Pacific Islands, Guam, or the Northern Mariana Islands.

#### **(b) Eligibility for student loans**

(1) In order to be eligible to receive any loan under this subchapter and part C of subchapter I of chapter 34 of title 42 (other than a loan under section 1078-2 or 1078-3 of this title) for any period of enrollment, a student who is not a graduate or professional student (as defined in regulations of the Secretary), and who is enrolled in a program at an institution which has a participation agreement with the Secretary to make awards under subpart 1 of part A of this subchapter, shall—

(A)(i) have received a determination of eligibility or ineligibility for a Pell Grant under such subpart 1 for such period of enrollment; and (ii) if determined to be eligible, have filed

an application for a Pell Grant for such enrollment period; or

(B) have (A) filed an application with the Pell Grant processor for such institution for such enrollment period, and (B) received from the financial aid administrator of the institution a preliminary determination of the student's eligibility or ineligibility for a grant under such subpart 1.

(2) In order to be eligible to receive any loan under section 1078-1<sup>2</sup> of this title for any period of enrollment, a student shall—

(A) have received a determination of need for a loan under section 1078(a)(2)(B) of this title;

(B) if determined to have need for a loan under section 1078 of this title, have applied for such a loan; and

(C) has applied for a loan under section 1078-8 of this title, if such student is eligible to apply for such a loan.

(3) A student who—

(A) is carrying at least one-half the normal full-time work load for the course of study that the student is pursuing, as determined by an eligible institution, and

(B) is enrolled in a course of study necessary for enrollment in a program leading to a degree or certificate,

shall be, notwithstanding paragraph (1) of subsection (a) of this section, eligible to apply for loans under part B or C of this subchapter. The eligibility described in this paragraph shall be restricted to one 12-month period.

(4) A student who—

(A) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution, and

(B) is enrolled or accepted for enrollment in a program at an eligible institution necessary for a professional credential or certification from a State that is required for employment as a teacher in an elementary or secondary school in that State,

shall be, notwithstanding paragraph (1) of subsection (a) of this section, eligible to apply for loans under part B, C, or D of this subchapter or work-study assistance under part C of subchapter I of chapter 34 of title 42.

(5) Notwithstanding any other provision of this subsection, no incarcerated student is eligible to receive a loan under this subchapter and part C of subchapter I of chapter 34 of title 42.

#### **(c) Satisfactory progress**

(1) For the purpose of subsection (a)(2) of this section, a student is maintaining satisfactory progress if—

(A) the institution at which the student is in attendance, reviews the progress of the student at the end of each academic year, or its equivalent, as determined by the institution, and

(B) the student has a cumulative C average, or its equivalent or academic standing consistent with the requirements for graduation, as

<sup>1</sup> So in original. Probably should be followed by "and".

<sup>2</sup> See References in Text note below.

determined by the institution, at the end of the second such academic year.

(2) Whenever a student fails to meet the eligibility requirements of subsection (a)(2) of this section as a result of the application of this subsection and subsequent to that failure the student has academic standing consistent with the requirements for graduation, as determined by the institution, for any grading period, the student may, subject to this subsection, again be eligible under subsection (a)(2) of this section for a grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42.

(3) Any institution of higher education at which the student is in attendance may waive the provisions of paragraph (1) or paragraph (2) of this subsection for undue hardship based on—

(A) the death of a relative of the student,

(B) the personal injury or illness of the student, or

(C) special circumstances as determined by the institution.

**(d) Students who are not high school graduates**

In order for a student who does not have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, to be eligible for any assistance under subparts 1, 3, and 4 of part A and parts B, C, and D of this subchapter and part C of subchapter I of chapter 34 of title 42, the student shall meet either one of the following standards:

(1) The student shall take an independently administered examination and shall achieve a score, specified by the Secretary, demonstrating that such student can benefit from the education or training being offered. Such examination shall be approved by the Secretary on the basis of compliance with such standards for development, administration, and scoring as the Secretary may prescribe in regulations.

(2) The student shall be determined as having the ability to benefit from the education or training in accordance with such process as the State shall prescribe. Any such process described or approved by a State for the purposes of this section shall be effective 6 months after the date of submission to the Secretary unless the Secretary disapproves such process. In determining whether to approve or disapprove such process, the Secretary shall take into account the effectiveness of such process in enabling students without high school diplomas or the equivalent thereof to benefit from the instruction offered by institutions utilizing such process, and shall also take into account the cultural diversity, economic circumstances, and educational preparation of the populations served by the institutions.

**(e) Certification for GSL eligibility**

Each eligible institution may certify student eligibility for a loan by an eligible lender under part B of this subchapter prior to completing the review for accuracy of the information submitted by the applicant required by regulations issued under this subchapter and part C of subchapter I of chapter 34 of title 42, if—

(1) checks for the loans are mailed to the eligible institution prior to disbursements;

(2) the disbursement is not made until the review is complete; and

(3) the eligible institution has no evidence or documentation on which the institution may base a determination that the information submitted by the applicant is incorrect.

**(f) Loss of eligibility for violation of loan limits**

(1) No student shall be eligible to receive any grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 if the eligible institution determines that the student fraudulently borrowed in violation of the annual loan limits under part B, part C, or part D of this subchapter in the same academic year, or if the student fraudulently borrowed in excess of the aggregate maximum loan limits under such part B, part C, or part D.

(2) If the institution determines that the student inadvertently borrowed amounts in excess of such annual or aggregate maximum loan limits, such institution shall allow the student to repay any amount borrowed in excess of such limits prior to certifying the student's eligibility for further assistance under this subchapter and part C of subchapter I of chapter 34 of title 42.

**(g) Verification of immigration status**

**(1) In general**

The Secretary shall implement a system under which the statements and supporting documentation, if required, of an individual declaring that such individual is in compliance with the requirements of subsection (a)(5) of this section shall be verified prior to the individual's receipt of a grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42.

**(2) Special rule**

The documents collected and maintained by an eligible institution in the admission of a student to the institution may be used by the student in lieu of the documents used to establish both employment authorization and identity under section 1324a(b)(1)(B) of title 8 to verify eligibility to participate in work-study programs under part C of subchapter I of chapter 34 of title 42.

**(3) Verification mechanisms**

The Secretary is authorized to verify such statements and supporting documentation through a data match, using an automated or other system, with other Federal agencies that may be in possession of information relevant to such statements and supporting documentation.

**(4) Review**

In the case of such an individual who is not a citizen or national of the United States, if the statement described in paragraph (1) is submitted but the documentation required under paragraph (2) is not presented or if the documentation required under paragraph (2)(A) is presented but such documentation is not verified under paragraph (3)—

(A) the institution—

(i) shall provide a reasonable opportunity to submit to the institution evi-

dence indicating a satisfactory immigration status, and

(ii) may not delay, deny, reduce, or terminate the individual's eligibility for the grant, loan, or work assistance on the basis of the individual's immigration status until such a reasonable opportunity has been provided; and

(B) if there are submitted documents which the institution determines constitute reasonable evidence indicating such status—

(i) the institution shall transmit to the Immigration and Naturalization Service photostatic or other similar copies of such documents for official verification,

(ii) pending such verification, the institution may not delay, deny, reduce, or terminate the individual's eligibility for the grant, loan, or work assistance on the basis of the individual's immigration status, and

(iii) the institution shall not be liable for the consequences of any action, delay, or failure of the Service to conduct such verification.

**(h) Limitations of enforcement actions against institutions**

The Secretary shall not take any compliance, disallowance, penalty, or other regulatory action against an institution of higher education with respect to any error in the institution's determination to make a student eligible for a grant, loan, or work assistance based on citizenship or immigration status—

(1) if the institution has provided such eligibility based on a verification of satisfactory immigration status by the Immigration and Naturalization Service,

(2) because the institution, under subsection (h)(4)(A)(i)<sup>3</sup> of this section, was required to provide a reasonable opportunity to submit documentation, or

(3) because the institution, under subsection (h)(4)(B)(i)<sup>3</sup> of this section, was required to wait for the response of the Immigration and Naturalization Service to the institution's request for official verification of the immigration status of the student.

**(i) Validity of loan guarantees for loan payments made before immigration status verification completed**

Notwithstanding subsection (h)<sup>3</sup> of this section, if—

(1) a guaranty is made under this subchapter and part C of subchapter I of chapter 34 of title 42 for a loan made with respect to an individual,

(2) at the time the guaranty is entered into, the provisions of subsection (h)<sup>3</sup> of this section had been complied with,

(3) amounts are paid under the loan subject to such guaranty, and

(4) there is a subsequent determination that, because of an unsatisfactory immigration status, the individual is not eligible for the loan,

the official of the institution making the determination shall notify and instruct the entity

making the loan to cease further payments under the loan, but such guaranty shall not be voided or otherwise nullified with respect to such payments made before the date the entity receives the notice.

**(j) Assistance under subparts 1, 3, and 6, and division 1 of subpart 2, of part A, and part C**

Notwithstanding any other provision of law, a student shall be eligible, if otherwise qualified, for assistance under subparts 1, 3, and 6, and division 1 of subpart 2, of part A of this subchapter, and part C of subchapter I of chapter 34 of title 42, if the student is otherwise qualified and—

(1) is a citizen of the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau, and attends an institution of higher education in a State or a public or nonprofit private institution of higher education in the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau; or

(2) meets the requirements of subsection (a)(5) of this section and attends a public or nonprofit private institution of higher education in the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau.

**(k) Special rule for correspondence courses**

A student shall not be eligible to receive grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 for a correspondence course unless such course is part of a program leading to an associate, bachelor or graduate degree.

**(l) Courses offered through telecommunications**

**(1) Relation to correspondence courses**

A student enrolled in a course of instruction at an eligible institution of higher education (other than an institution that meets the definition in section 2471(4)(C) of this title) that is offered in whole or in part through telecommunications and leads to a recognized associate, bachelor, or graduate degree conferred by such institution shall not be considered to be enrolled in correspondence courses unless the total amount of telecommunications and correspondence courses at such institution equals or exceeds 50 percent of such courses.

**(2) Restriction or reductions of financial aid**

A student's eligibility to receive grants, loans, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 shall be reduced if a financial aid officer determines under the discretionary authority provided in section 1087tt of this title that telecommunications instruction results in a substantially reduced cost of attendance to such student.

**(3) Special rule**

For award years prior to July 23, 1992, the Secretary shall not take any compliance, disallowance, penalty, or other action against a student or an eligible institution when such action arises out of such institution's prior award of student assistance under this subchapter and part C of subchapter I of chapter

<sup>3</sup> See References in Text note below.



34 of title 42 if the institution demonstrates to the satisfaction of the Secretary that its course of instruction would have been in conformance with the requirements of this subsection.

**(4) "Telecommunications" defined**

For the purposes of this subsection, the term "telecommunications" means the use of television, audio, or computer transmission, including open broadcast, closed circuit, cable, microwave, or satellite, audio conferencing, computer conferencing, or video cassettes or discs, except that such term does not include a course that is delivered using video cassette or disc recordings at such institution and that is not delivered in person to other students of that institution.

**(m) Students with a first baccalaureate or professional degree**

A student shall not be ineligible for assistance under parts B, C, and D of this subchapter and part C of subchapter I of chapter 34 of title 42 because such student has previously received a baccalaureate or professional degree.

**(n) Data base matching**

To enforce the Selective Service registration provisions of section 1113 of Public Law 97-252, the Secretary shall conduct data base matches with the Selective Service, using common demographic data elements. Appropriate confirmation, through an application output document or through other means, of any person's registration shall fulfill the requirement to file a separate statement of compliance. In the absence of a confirmation from such data matches, an institution may also use data or documents that support either the student's registration, or the absence of a registration requirement for the student, to fulfill the requirement to file a separate statement of compliance. The mechanism for reporting the resolution of nonconfirmed matches shall be prescribed by the Secretary in regulations.

**(o) Study abroad**

Nothing in this chapter shall be construed to limit or otherwise prohibit access to study abroad programs approved by the home institution at which a student is enrolled. An otherwise eligible student who is engaged in a program of study abroad approved for academic credit by the home institution at which the student is enrolled shall be eligible to receive grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42, without regard to whether such study abroad program is required as part of the student's degree program.

**(p) Verification of social security number**

The Secretary of Education, in cooperation with the Commissioner of the Social Security Administration, shall verify any social security number provided by a student to an eligible institution under subsection (a)(4) of this section and shall enforce the following conditions:

- (1) Except as provided in paragraphs (2) and (3), an institution shall not deny, reduce, delay, or terminate a student's eligibility for assistance under this part because social security number verification is pending.

- (2) If there is a determination by the Secretary that the social security number provided to an eligible institution by a student is incorrect, the institution shall deny or terminate the student's eligibility for any grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 until such time as the student provides documented evidence of a social security number that is determined by the institution to be correct.

- (3) If there is a determination by the Secretary that the social security number provided to an eligible institution by a student is incorrect, and a correct social security number cannot be provided by such student, and a loan has been guaranteed for such student under part B of this subchapter, the institution shall notify and instruct the lender and guaranty agency making and guaranteeing the loan, respectively, to cease further disbursements of the loan, but such guaranty shall not be voided or otherwise nullified with respect to such disbursements made before the date that the lender and the guaranty agency receives such notice.

- (4) Nothing in this subsection shall permit the Secretary to take any compliance, disallowance, penalty, or other regulatory action against—

- (A) any institution of higher education with respect to any error in a social security number, unless such error was a result of fraud on the part of the institution; or

- (B) any student with respect to any error in a social security number, unless such error was a result of fraud on the part of the student.

(Pub. L. 89-329, title IV, § 484, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1479; amended Pub. L. 99-603, title I, § 121(a)(3), Nov. 6, 1986, 100 Stat. 3388; Pub. L. 100-50, § 15(7)-(9), June 3, 1987, 101 Stat. 356, 357; Pub. L. 100-369, §§ 1, 2, 6, July 18, 1988, 102 Stat. 835, 836; Pub. L. 100-525, § 2(g), Oct. 24, 1988, 102 Stat. 2611; Pub. L. 101-508, title III, § 3005(a), Nov. 5, 1990, 104 Stat. 1388-27; Pub. L. 102-26, § 2(b), (c)(2), (d)(2)(A), Apr. 9, 1991, 105 Stat. 123, 124; Pub. L. 102-73, title VIII, § 801(a), July 25, 1991, 105 Stat. 359; Pub. L. 102-325, title IV, § 484(a), (b)(1), (c)-(h), July 23, 1992, 106 Stat. 615-619; Pub. L. 103-208, § 2(h)(13)-(25), Dec. 20, 1993, 107 Stat. 2476, 2477; Pub. L. 103-382, title III, § 360A, Oct. 20, 1994, 108 Stat. 3969.)

REFERENCES IN TEXT

Section 1078-1 of this title, referred to in subsec. (b)(2), was repealed by Pub. L. 103-66, title IV, § 4047(b)-(d), Aug. 10, 1993, 107 Stat. 364, eff. July 1, 1994, except with respect to loans provided under that section as it existed prior to Aug. 10, 1993.

Subsection (h) of this section, referred to in subsecs. (h)(2), (3) and (i), was redesignated subsec. (g) of this section by Pub. L. 103-208, § 2(h)(25), Dec. 20, 1993, 107 Stat. 2477.

Section 1113 of Public Law 97-252, referred to in subsec. (n), amended section 462 of Title 50, Appendix, War and National Defense, and enacted provisions set out as a note under section 462 of Title 50, Appendix.

This chapter, referred to in subsec. (o), was in the original "this Act", meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For

complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1091, Pub. L. 89-329, title IV, § 484, as added Pub. L. 96-374, title IV, § 451(a), Oct. 3, 1980, 94 Stat. 1448; Pub. L. 99-272, title XVI, § 16032(a), (b), Apr. 7, 1986, 100 Stat. 354, related to student eligibility for assistance, prior to the general revision of this part by Pub. L. 99-498.

Another prior section 1091, Pub. L. 89-329, title V, § 501, Nov. 8, 1965, 79 Stat. 1254; Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 82; Pub. L. 92-318, title I, § 141(b)(1), June 23, 1972, 86 Stat. 285, set forth statement of purpose and authorization of appropriations for education professions development program, prior to repeal effective Sept. 30, 1976, by Pub. L. 94-482, title I, § 151(a)(2), (b), Oct. 12, 1976, 90 Stat. 2151.

#### AMENDMENTS

1994—Subsec. (j). Pub. L. 103-382 amended heading and text of subsec. (j) generally. Prior to amendment, text read as follows: “Notwithstanding any other provision of law, a student who meets the requirements of paragraph (a)(5) of this section or who is a resident of the freely associated states, and who attends a public or nonprofit institution of higher education located in any of the freely associated states rather than a State, shall be eligible, if otherwise qualified, for assistance under subpart 1, 2, or 4 of part A of this subchapter or part C of subchapter I of chapter 34 of title 42.”

1993—Subsec. (a)(4)(B). Pub. L. 103-208, § 2(h)(13), inserted “, except that the provisions of this subparagraph shall not apply to a student from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau” after “number”.

Subsec. (a)(5). Pub. L. 103-208, § 2(h)(14), substituted “able to provide evidence from the Immigration and Naturalization Service that he or she is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident” for “in the United States for other than a temporary purpose and able to provide evidence from the Immigration and Naturalization Service of his or her intent to become a permanent resident”.

Subsec. (b)(2)(C). Pub. L. 103-208, § 2(h)(15), added subpar. (C).

Subsec. (b)(3). Pub. L. 103-208, § 2(h)(16), substituted “part B or C of this subchapter” for “part B of this subchapter” in closing provisions.

Subsec. (f). Pub. L. 103-208, § 2(h)(17), (25), redesignated subsec. (g) as (f) and struck out heading and text of former subsec. (f). Text read as follows: “Notwithstanding any other provision of law, the Secretary may not require, or prescribe regulations that require, institutions to verify the accuracy of data used to determine the eligibility for any program under this subchapter and part C of subchapter I of chapter 34 of title 42 for more than 30 percent of the applicants in any award year. In carrying out the provisions of this subsection no eligible institution shall be required to verify more than 30 percent of such applicants in any award year. Nothing in this subsection shall preclude the Secretary from verifying all applications for aid through the use of any means available, including through the exchange of information with any other Federal agency.”

Subsec. (g). Pub. L. 103-208, § 2(h)(25), redesignated subsec. (h) as (g). Former subsec. (g) redesignated (f).

Pub. L. 103-208, § 2(h)(18), which directed insertion of a comma after “, Part C” wherever appearing, was executed by inserting a comma after “, part C” wherever appearing, to reflect the probable intent of Congress.

Subsec. (h). Pub. L. 103-208, § 2(h)(25), redesignated subsec. (i) as (h). Former subsec. (h) redesignated (g).

Pub. L. 103-208, § 2(h)(19), substituted “constitute” for “constitutes” in introductory provisions of par. (4)(B).

Subsec. (i). Pub. L. 103-208, § 2(h)(25), redesignated subsec. (j) as (i). Former subsec. (i) redesignated (h).

Pub. L. 103-208, § 2(h)(22), struck out par. (4) which read as follows: “because of a fair hearing process described in subsection (h)(5)(B) of this section.”

Pub. L. 103-208, § 2(h)(21), substituted “(h)(4)(B)(i)” for “(h)(4)(B)(ii)” and “student.” for “student, or” in par. (3).

Pub. L. 103-208, § 2(h)(20), inserted “or” after “documentation,” and substituted “(h)(4)(A)(i)” for “(h)(4)(A)(ii)” in par. (2).

Subsecs. (j) to (m). Pub. L. 103-208, § 2(h)(25), redesignated subsecs. (k) to (n) as (j) to (m), respectively. Former subsec. (j) redesignated (i).

Subsec. (n). Pub. L. 103-208, § 2(h)(25), redesignated subsec. (o) as (n). Former subsec. (n) redesignated (m).

Pub. L. 103-208, § 2(h)(23), substituted “parts B, C,” for “part B, C,”.

Subsecs. (o), (p). Pub. L. 103-208, § 2(h)(25), redesignated subsecs. (p) and (q) as (o) and (p), respectively. Former subsec. (o) redesignated (n).

Subsec. (q). Pub. L. 103-208, § 2(h)(25), redesignated subsec. (q) as (p).

Pub. L. 103-208, § 2(h)(24), substituted “documented evidence of a social security number that is determined by the institution to be correct” for “a correct social security number” in par. (2).

1992—Subsec. (a)(1). Pub. L. 102-325, § 484(a)(1), inserted “(including a program of study abroad approved for credit by the eligible institution at which such student is enrolled)” after “or other program”.

Subsec. (a)(4). Pub. L. 102-325, § 484(a)(2), added par. (4) and struck out former par. (4) which read as follows: “file with the institution of higher education which the student intends to attend, or is attending (or in the case of a loan or loan guarantee with the lender), a statement of educational purpose (which need not be notarized but which shall include such student’s social security number or, if the student does not have a social security number, such student’s student identification number) stating that the money attributable to such grant, loan, or loan guarantee will be used solely for expenses related to attendance or continued attendance at such institution; and”.

Subsec. (b)(4)(B). Pub. L. 102-325, § 484(b)(1)(A), substituted “part B, C, or D of this subchapter or work-study assistance under part C of subchapter I of chapter 34 of title 42” for “part B of this subchapter” in concluding provisions.

Subsec. (b)(5). Pub. L. 102-325, § 484(b)(1)(B), added par. (5).

Subsec. (d). Pub. L. 102-325, § 484(c), amended subsec. (d) generally. Prior to amendment, subsec. (d) read as follows: “In order for a student who does not have a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, to be eligible for any assistance under subparts 1, 2, and 3 of part A and parts B, C, and D of this subchapter and part C of subchapter I of chapter 34 of title 42, the student shall pass an independently administered examination approved by the Secretary.”

Subsec. (f). Pub. L. 102-325, § 484(d), inserted at end “Nothing in this subsection shall preclude the Secretary from verifying all applications for aid through the use of any means available, including through the exchange of information with any other Federal agency.”

Subsec. (g). Pub. L. 102-325, § 484(e), designated existing provisions as par. (1), inserted “, part C” after “part B” in two places and “fraudulently” before “borrowed” in two places, and added par. (2).

Subsec. (h). Pub. L. 102-325, § 484(f), amended subsec. (h) generally. Prior to amendment, subsec. (h) contained pars. (1) to (6) relating to requirements for verification of student immigration status.

Subsec. (k). Pub. L. 102-325, § 484(h), made technical amendment to directory language of Pub. L. 102-73, § 801(a). See 1991 Amendment note below.

Subsecs. (l) to (q). Pub. L. 102-325, § 484(g), added subsecs. (l) to (q).

1991—Subsec. (a)(1). Pub. L. 102-26, § 2(c)(2), inserted before semicolon at end “, and not be enrolled in an elementary or secondary school”.

Subsec. (d). Pub. L. 102-26, §2(d)(2)(A), repealed Pub. L. 101-508, §3005(a). See 1990 Amendment note below.

Pub. L. 102-26, §2(b), amended subsec. (d) generally. Prior to amendment, subsec. (d) read as follows: "A student who is admitted on the basis of the ability to benefit from the education or training in order to remain eligible for any grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 shall—

"(1) receive the general education diploma prior to the student's certification or graduation from the program of study, or by the end of the first year of the course of study, whichever is earlier;

"(2) be counseled prior to admission and be enrolled in and successfully complete the institutionally prescribed program of remedial or developmental education not to exceed one academic year or its equivalent; or

"(3)(A) be administered a nationally recognized, standardized, or industry developed test, subject to criteria developed by the appropriate accrediting association, measuring the applicant's aptitude to complete successfully the program to which the applicant has applied; and

"(B) with respect to applicants who are unable to satisfy the institutions' admissions testing requirements specified in subparagraph (A), be enrolled in and successfully complete an institutionally prescribed program or course of remedial or developmental education not to exceed one academic year or its equivalent.

In order to be eligible for assistance a student cannot be enrolled in either an elementary or a secondary school."

Subsec. (k). Pub. L. 102-73, as amended by Pub. L. 102-325, §484(h), added subsec. (k).

1990—Subsec. (d). Pub. L. 101-508, which amended subsec. (d) generally to read: "In order for a student who is admitted on the basis of ability to benefit from the education or training offered to be eligible for any grant, loan, or work assistance under this subchapter and part C of subchapter I of chapter 34 of title 42, the student shall, prior to enrollment, pass an independently administered examination approved by the Secretary.", was repealed by Pub. L. 102-26, §2(d)(2)(A). See Construction of 1991 Amendment note below.

1988—Subsec. (a)(1). Pub. L. 100-369, §6(1), substituted "subsections (b)(3) and (b)(4)" for "subsection (b)(2)".

Subsec. (b)(1). Pub. L. 100-369, §1(1), substituted "section 1078-2 or 1078-3" for "section 1078-1, 1078-2, or 1078-3".

Subsec. (b)(1)(A). Pub. L. 100-369, §1(2), added subpar. (A) and struck out former subpar. (A) which read as follows: "have received a determination of eligibility or ineligibility for a grant under such subpart 1 for such period of enrollment; or".

Subsec. (b)(2), (3). Pub. L. 100-369, §2, added par. (2) and redesignated former par. (2) as (3).

Subsec. (b)(4). Pub. L. 100-369, §6(2), added par. (4).

Subsecs. (c) to (e), (h) to (j). Pub. L. 100-525 redesignated subsecs. (c) to (e) enacted by Pub. L. 99-603 as (h) to (j), respectively, and inserted headings, substituted references to subsec. (h) for references to subsec. (c) wherever appearing, and in closing provisions of subsec. (j) substituted "date" for "date of".

1987—Subsec. (a)(1). Pub. L. 100-50, §15(7)(A), inserted ", except as provided in subsection (b)(2) of this section" before semicolon at end.

Subsec. (b). Pub. L. 100-50, §15(7)(B)-(D), designated existing provision as par. (1), redesignated former pars. (1) and (2) as subpars. (A) and (B), respectively, and added par. (2).

Subsec. (d). Pub. L. 100-50, §15(8), added pars. (2) and (3) and last sentence relating to ineligibility for assistance if a student is enrolled in either an elementary or a secondary school, and struck out former par. (2) which read as follows:

"(A) be counseled prior to admissions or be administered a nationally recognized standardized or industry developed test, subject to criteria developed by the ap-

propriate accrediting association, measuring the applicant's aptitude to complete successfully the program to which he has applied; and

"(B) with respect to applicants who are unable to satisfy the institution's admissions testing requirements specified in subparagraph (A), be enrolled in an institutionally prescribed program or course of remedial or developmental education, not to exceed one academic year or its equivalent."

Subsec. (f). Pub. L. 100-50, §15(9), inserted at end "In carrying out provisions of this subsection no eligible institution shall be required to verify more than 30 percent of such applications in any award year."

1986—Subsec. (c). Pub. L. 99-603 added subsec. (c) requiring immigration status verification.

Subsec. (d). Pub. L. 99-603 added subsec. (d) limiting enforcement actions against institutions.

Subsec. (e). Pub. L. 99-603 added subsec. (e) relating to validity of loan guarantees for loan payments made before completion of immigration status verification.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by section 484(a), (b)(1)(B), and (c) to (h) of Pub. L. 102-325 effective July 23, 1992, except that subsec. (m)(1) of this section, relating to proportion of courses permitted to be correspondence courses, as added by such amendment, effective on and after Oct. 1, 1992, see section 498 of Pub. L. 102-325, set out as a note under section 1088 of this title, and subsec. (n) of this section, relating to eligibility of students with first baccalaureate or professional degree for assistance, as added by such amendment, effective on and after Dec. 1, 1987, see section 484(i) of Pub. L. 102-325, set out below.

Section 484(b)(2) of Pub. L. 102-325 provided that: "The amendments made by paragraph (1)(A) of this subsection [amending this section] shall be effective on and after December 1, 1987."

Section 484(i) of Pub. L. 102-325, as added by Pub. L. 103-208, §2(k)(8), Dec. 20, 1993, 107 Stat. 2486, provided that: "The amendments made by subsection (g) [section 484(g) of Pub. L. 102-325] with respect to the addition of subsection (n) [adding subsec. (n) of this section] shall be effective on and after December 1, 1987."

#### EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by Pub. L. 102-26 applicable to any grant, loan, or work assistance to cover the cost of instruction for periods of enrollment beginning on or after July 1, 1991, see section 2(d)(1) of Pub. L. 102-26, set out as a note under section 1085 of this title.

#### EFFECTIVE DATE OF 1988 AMENDMENTS

Amendment by Pub. L. 100-525 effective as if included in enactment of Immigration Reform and Control Act of 1986, Pub. L. 99-603, see section 2(s) of Pub. L. 100-525, set out as a note under section 1101 of Title 8, Aliens and Nationality.

Section 13 of Pub. L. 100-369 provided that:

"(a) GENERAL RULE.—Except as otherwise provided, the amendments made by this Act to title IV of the Higher Education Act of 1965 [amending this section and section 1078-1 of this title] shall be effective for any loan for which the eligibility of the borrower is certified by the institution 30 days after the date of enactment of this Act [July 18, 1988].

"(b) SPECIAL RULES.—(1) The amendments made by section 5 [amending this section and sections 1077 and 1078 of this title] shall be effective with respect to loans made on or after October 1, 1988.

"(2) The amendments made by sections 6, 7, 8, 9, 10, 11, and 12 [amending this section, sections 1058, 1061,

1062, 1070a-1, 1070a-3, 1070a-4, 1070a-6, 1071, 1077, 1078, 1087-2, 1087dd, 1087ee, 1087nn, 1087ss, 1087vv, 1132d-1, 1132g-1, and 1134m of this title, and section 1905 of Title 48, Territories and Insular Possessions] shall take effect on the date of enactment of this Act [July 18, 1988].”

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-603 effective Oct. 1, 1988, with certain exceptions and qualifications, see section 121(c)(3), (4) of Pub. L. 99-603, set out as a note under section 1320b-7 of Title 42, The Public Health and Welfare.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Section 407(b) of Pub. L. 99-498 provided that:

“(1) Sections 483(e) and 484(d) of the Act [20 U.S.C. 1090(e), 1091(d)] as amended by this section shall apply to student assistance awarded for periods of enrollment beginning on or after July 1, 1987.

“(2) The changes made in section 484(a)(1) of the Act [20 U.S.C. 1091(a)(1)] shall apply to student assistance awarded for periods of enrollment beginning on or after July 1, 1987.

“(3) Section 484(c) of the Act [20 U.S.C. 1091(c)] as amended by this section shall apply only to student assistance awarded for periods of enrollment beginning on or after July 1, 1987, to individuals who were not awarded such assistance for any preceding period of enrollment.

“(4) Sections 484(f), 485(b), and 487(a)(10) of the Act [20 U.S.C. 1091(f), 1092(b), 1094(a)(10)] as amended by this section shall apply only to periods of enrollment beginning on or after July 1, 1987.”

#### CONSTRUCTION OF 1991 AMENDMENT

For repeal of section 3005 of Pub. L. 101-508 and application of subsec. (d) of this section as if such section 3005 had not been enacted, see section 2(d)(2)(A) of Pub. L. 102-26, set out as a note under section 1088 of this title.

#### TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

For termination of Trust Territory of the Pacific Islands, see note set out preceding section 1681 of Title 48, Territories and Insular Possessions.

#### SATISFACTORY PROGRESS

Section 1301 of Pub. L. 99-498, as amended by Pub. L. 100-50, §23(1), June 3, 1987, 101 Stat. 362, provided that: “The Secretary, through the Office of Educational Research and Improvement, shall conduct a survey on the impact, if any, on grades of students of the amendments made by this Act to section 484(c) of the Act [20 U.S.C. 1091(c)]. The study required by this subsection shall be conducted over the 5-year period ending September 30, 1991. The Secretary, after the end of each year of the study, shall submit to the Congress a report of the survey required by this subsection, together with such recommendations as the Secretary deems appropriate.”

#### DENIAL OF STUDENT ASSISTANCE TO CERTAIN NONCITIZENS

Section 1361 of Pub. L. 99-498 provided that:

“(a) ESTABLISHMENT OF PANEL.—(1) There is established in the Department of Education a panel to be known as the ‘Alien Youth Education Opportunity

Panel’ (hereafter in this section referred to as the ‘Panel’).

“(2) The Panel shall be composed of 7 members, 3 of whom shall be appointed by the Secretary, 2 of whom shall be appointed by the Speaker of the House of Representatives, and 2 of whom shall be appointed by the Majority Leader of the Senate.

“(b) DUTIES OF PANEL.—The Panel shall study and investigate the extent to which the requirements of section 484(a)(5) of the Act [20 U.S.C. 1091(a)(5)] result in the denial of student assistance to long-term residents of the United States who have graduated from United States high schools and the extent to which that denial deprives those individuals of an equal educational opportunity.

“(c) REPORT AND RECOMMENDATIONS.—The Panel shall submit a report of its findings and recommendations to the Secretary, the President, and the Congress not later than 2 years after the date of enactment of this section [Oct. 17, 1986].

“(d) ADMINISTRATIVE AND CLERICAL SUPPORT.—The Secretary shall provide the Panel with such administrative and clerical support as it may require to carry out its activities under this section.

“(e) COMPENSATION AND EXPENSES.—(1) Members of the Panel who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

“(2) Members of the Panel who are not officers or full-time employees of the United States may each receive reimbursement for travel expenses incident to attending Panel meetings, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

“(f) ACCESS TO INFORMATION.—The Panel is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Panel.”

#### FINANCIAL AID TO STUDENTS NOT DEEMED INCOME OR RESOURCES FOR PURPOSES OF CERTAIN SOCIAL SECURITY ACT PROGRAMS

Pub. L. 90-575, title V, §507, Oct. 16, 1968, 82 Stat. 1063, as amended by Pub. L. 96-88, title III, §301(a)(1), Oct. 17, 1979, 93 Stat. 677, provided that: “For the purpose of any program assisted under title I, IV, X, XIV, XVI, or XIX of the Social Security Act [subchapters I, IV, X, XIV, XVI, or XIX of chapter 7 of Title 42, The Public Health and Welfare], no grant or loan to any undergraduate student for educational purposes made or insured under any program administered by the Secretary of Education shall be considered to be income or resources.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070, 1070a, 1070a-23, 1070a-33, 1070b-1, 1070b-2, 1077, 1078, 1078-6, 1078-8, 1087d, 1087dd, 1088, 1092, 1094, 1096, 1106d, 1135f, 1141 of this title; title 25 section 3353; title 42 sections 2753, 12591, 12602.

### § 1091a. Statute of limitations

#### (a) In general

(1) It is the purpose of this subsection to ensure that obligations to repay loans and grant

overpayments are enforced without regard to any Federal or State statutory, regulatory, or administrative limitation on the period within which debts may be enforced.

(2) Notwithstanding any other provision of statute, regulation, or administrative limitation, no limitation shall terminate the period within which suit may be filed, a judgment may be enforced, or an offset, garnishment, or other action initiated or taken by—

(A) an institution that receives funds under this subchapter and part C of subchapter I of chapter 34 of title 42 that is seeking to collect a refund due from a student on a grant made, or work assistance awarded, under this subchapter and part C of subchapter I of chapter 34 of title 42;

(B) a guaranty agency that has an agreement with the Secretary under section 1078(c) of this title that is seeking the repayment of the amount due from a borrower on a loan made under part B of this subchapter after such guaranty agency reimburses the previous holder of the loan for its loss on account of the default of the borrower;

(C) an institution that has an agreement with the Secretary pursuant to section 1087c or 1087cc(a) of this title that is seeking the repayment of the amount due from a borrower on a loan made under part C or D of this subchapter after the default of the borrower on such loan; or

(D) the Secretary, the Attorney General, or the administrative head of another Federal agency, as the case may be, for payment of a refund due from a student on a grant made under this subchapter and part C of subchapter I of chapter 34 of title 42, or for the repayment of the amount due from a borrower on a loan made under this subchapter and part C of subchapter I of chapter 34 of title 42 that has been assigned to the Secretary under this subchapter and part C of subchapter I of chapter 34 of title 42.

#### (b) Assessment of costs and other charges

Notwithstanding any provision of State law to the contrary—

(1) a borrower who has defaulted on a loan made under this subchapter and part C of subchapter I of chapter 34 of title 42 shall be required to pay, in addition to other charges specified in this subchapter and part C of subchapter I of chapter 34 of title 42 reasonable collection costs; and

(2) in collecting any obligation arising from a loan made under part B of this subchapter, a guaranty agency or the Secretary shall not be subject to a defense raised by any borrower based on a claim of infancy.

(Pub. L. 89-329, title IV, § 484A, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1482; amended Pub. L. 102-26, § 3(a), Apr. 9, 1991, 105 Stat. 124.)

#### PRIOR PROVISIONS

A prior section 1091a, Pub. L. 89-329, title IV, § 484A, as added Pub. L. 99-272, title XVI, § 16033, Apr. 7, 1986, 100 Stat. 355, related to statute of limitations, collection costs, and defense of infancy, prior to the general revision of this part by Pub. L. 99-498.

Prior sections 1091a to 1091f were repealed, effective Sept. 30, 1976, by Pub. L. 94-482, title I, § 151(a)(2), (b), Oct. 12, 1976, 90 Stat. 2151.

Section 1091a, Pub. L. 89-329, title V, § 502, as added Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 82; amended Pub. L. 91-230, title IV, § 401(h)(4), title VIII, § 802, Apr. 13, 1970, 84 Stat. 174, 190; Pub. L. 92-318, title I, § 141(c)(1)(A), June 23, 1972, 86 Stat. 285, established the National Advisory Council on Education Professions Development and set forth functions, composition, etc., of the Council.

Section 1091b, Pub. L. 89-329, title V, § 503, as added Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 83; amended Pub. L. 92-318, title IV, § 451(a), June 23, 1972, 86 Stat. 344, authorized the Commissioner to appraise and annually report on existing and future education personnel needs.

Section 1091c, Pub. L. 89-329, title V, § 504, as added Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 83; amended Pub. L. 90-575, title II, § 231(a), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, § 141(a)(1)(B), (c)(1)(B), June 23, 1972, 86 Stat. 284, 285, authorized the Commissioner to make grants or contracts with State or local educational agencies for attracting qualified persons to the field of education.

Section 1091d, Pub. L. 89-329, title V, § 505, as added Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 84, required the Commissioner to consult with the National Science Foundation and the National Foundation on the Arts and the Humanities in development and review of programs.

Section 1091e, Pub. L. 89-329, title V, § 506, as added Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 84, authorized transfer of funds for programs for education professions development.

Section 1091f, Pub. L. 89-329, title V, § 507, as added Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 84, authorized employment of experts and consultants and set forth provisions for compensation and travel expenses.

#### AMENDMENTS

1991—Subsec. (a). Pub. L. 102-26 amended subsec. (a) generally, substituting provisions eliminating statute of limitations for student loan collections for provisions establishing six year limitations period for collection of such loans.

#### EFFECTIVE DATE OF 1991 AMENDMENT

Section 3(c) of Pub. L. 102-26, as amended by Pub. L. 102-325, title XV, § 1551, July 23, 1992, 105 Stat. 838, provided that: “The amendments made by this section [amending this section] shall be effective as if enacted by the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272), and shall apply to any actions pending on or after the date of enactment of the Higher Education Technical Amendments of 1991 [Apr. 9, 1991].”

#### § 1091b. Institutional refunds

##### (a) Refund policy required

Each institution of higher education participating in a program under this subchapter and part C of subchapter I of chapter 34 of title 42 shall have in effect a fair and equitable refund policy under which the institution refunds unearned tuition, fees, room and board, and other charges to a student who received grant or loan assistance under this subchapter and part C of subchapter I of chapter 34 of title 42, or whose parent received a loan made under section 1078-2 of this title on behalf of the student, if the student—

(1) does not register for the period of attendance for which the assistance was intended; or

(2) withdraws or otherwise fails to complete the period of enrollment for which the assistance was provided.

**(b) Determinations**

The institution's refund policy shall be considered to be fair and equitable for purposes of this section if that policy provides for a refund in an amount of at least the largest of the amounts provided under—

- (1) the requirements of applicable State law;
- (2) the specific refund requirements established by the institution's nationally recognized accrediting agency and approved by the Secretary; or
- (3) the pro rata refund calculation described in subsection (c) of this section, except that this paragraph will not apply to the institution's refund policy for any student whose date of withdrawal from the institution is after the 60 percent point (in time) in the period of enrollment for which the student has been charged.

**(c) Definitions**

(1) As used in this section, the term “pro rata refund” means a refund by the institution to a student attending such institution for the first time of not less than that portion of the tuition, fees, room and board, and other charges assessed the student by the institution equal to the portion of the period of enrollment for which the student has been charged that remains on the last day of attendance by the student, rounded downward to the nearest 10 percent of that period, less any unpaid charges owed by the student for the period of enrollment for which the student has been charged, and less a reasonable administrative fee not to exceed the lesser of 5 percent of the tuition, fees, room and board, and other charges assessed the student, or \$100.

(2) For purposes of paragraph (1), “the portion of the period of enrollment for which the student has been charged that remains”, shall be determined—

(A) in the case of a program that is measured in credit hours, by dividing the total number of weeks comprising the period of enrollment for which the student has been charged into the number of weeks remaining in that period as of the last recorded day of attendance by the student;

(B) in the case of a program that is measured in clock hours, by dividing the total number of clock hours comprising the period of enrollment for which the student has been charged into the number of clock hours remaining to be completed by the student in that period as of the last recorded day of attendance by the student; and

(C) in the case of a correspondence program, by dividing the total number of lessons comprising the period of enrollment for which the student has been charged into the total number of such lessons not submitted by the student.

(Pub. L. 89-329, title IV, § 484B, as added Pub. L. 102-325, title IV, § 485(a), July 23, 1992, 106 Stat. 619; amended Pub. L. 103-208, § 2(h)(26), (27), Dec. 20, 1993, 107 Stat. 2477.)

**AMENDMENTS**

1993—Subsec. (a). Pub. L. 103-208, § 2(h)(26), substituted “grant or loan assistance” for “grant, loan, or work assistance” in introductory provisions.

Subsec. (b)(3). Pub. L. 103-208, § 2(h)(27), substituted “subsection (c) of this section” for “subsection (d) of this section”.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1092, 1094 of this title; title 42 section 12604.

**§ 1092. Institutional and financial assistance information for students****(a) Information dissemination activities**

(1) Each eligible institution participating in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full time) regarding the institution and all financial assistance under this subchapter and part C of subchapter I of chapter 34 of title 42. The information required by this section shall be produced and be made readily available, through appropriate publications and mailings, to all current students, and to any prospective student upon request. The information required by this section shall accurately describe—

(A) the student financial assistance programs available to students who enroll at such institution;

(B) the methods by which such assistance is distributed among student recipients who enroll at such institution;

(C) any means, including forms, by which application for student financial assistance is made and requirements for accurately preparing such application;

(D) the rights and responsibilities of students receiving financial assistance under this subchapter and part C of subchapter I of chapter 34 of title 42;

(E) the cost of attending the institution, including (i) tuition and fees, (ii) books and supplies, (iii) estimates of typical student room and board costs or typical commuting costs, and (iv) any additional cost of the program in which the student is enrolled or expresses a specific interest;

(F) a statement of the refund policy of the institution, as determined under section 1091b of this title, for the return of unearned tuition and fees or other refundable portion of cost, as described in subparagraph (E) of this paragraph, which refunds shall be credited in the following order:

(i) to outstanding balances on loans under part B of this subchapter for the period of enrollment for which a refund is required,

(ii) to outstanding balances on loans under part C of this subchapter for the period of enrollment for which a refund is required,

(iii) to outstanding balances on loans under part D of this subchapter for the period of enrollment for which a refund is required,

- (iv) to awards under subpart 1 of part A of this subchapter,
- (v) to awards under subpart 3 of part A of this subchapter,
- (vi) to other student assistance, and
- (vii) to the student;

(G) the academic program of the institution, including (i) the current degree programs and other educational and training programs, (ii) the instructional, laboratory, and other physical plant facilities which relate to the academic program, and (iii) the faculty and other instructional personnel;

(H) each person designated under subsection (c) of this section, and the methods by which and locations in which any person so designated may be contacted by students and prospective students who are seeking information required by this subsection;

(I) special facilities and services available to handicapped students;

(J) the names of associations, agencies, or governmental bodies which accredit, approve, or license the institution and its programs, and the procedures under which any current or prospective student may obtain or review upon request a copy of the documents describing the institution's accreditation, approval, or licensing;

(K) the standards which the student must maintain in order to be considered to be making satisfactory progress, pursuant to section 1091(a)(2) of this title;

(L) the completion or graduation rate of certificate- or degree-seeking, full-time, undergraduate students entering such institutions;

(M) the terms and conditions under which students receiving guaranteed student loans under part B of this subchapter or direct student loans under part D of this subchapter, or both, may—

- (i) obtain deferral of the repayment of the principal and interest for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) or under the Domestic Volunteer Service Act of 1973 [42 U.S.C. 4950 et seq.], or for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness in the field of community service, and

- (ii) obtain partial cancellation of the student loan for service under the Peace Corps Act (as established by the Peace Corps Act (22 U.S.C. 2501 et seq.)) under<sup>1</sup> the Domestic Volunteer Service Act of 1973 [42 U.S.C. 4950 et seq.] or, for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness in the field of community service; and

(N) that enrollment in a program of study abroad approved for credit by the home institution may be considered enrollment in the home institution for purposes of applying for Federal student financial assistance.

(2) For the purpose of this section, the term “prospective student” means any individual who

has contacted an eligible institution requesting information concerning admission to that institution.

(3) In calculating the completion or graduation rate under subparagraph (L) of paragraph (1) of this subsection or under subsection (e) of this section, a student shall be counted as a completion or graduation if, within 150 percent of the normal time for completion of or graduation from the program, the student has completed or graduated from the program, or enrolled in any program of an eligible institution for which the prior program provides substantial preparation. The information required to be disclosed under such subparagraph—

(A) shall, for any academic year beginning more than 270 days after the Secretary first prescribes final regulations pursuant to such subparagraph (L), be made available to current and prospective students prior to enrolling or entering into any financial obligation; and

(B) shall cover the one-year period ending on June 30 of the preceding year.

(4) For purposes of this section, institutions may exclude from the information disclosed in accordance with subparagraph (L) of paragraph (1) the completion or graduation rates of students who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government.

(5) The Secretary shall permit any institution of higher education that is a member of an athletic association or athletic conference that has voluntarily published completion or graduation rate data or has agreed to publish data that, in the opinion of the Secretary, is substantially comparable to the information required under this subsection, to use such data to satisfy the requirements of this subsection.

#### **(b) Exit counseling for borrowers**

(1)(A) Each eligible institution shall, through financial aid officers or otherwise, make available counseling to borrowers (individually or in groups) of loans which are made, insured, or guaranteed under part B (other than loans made pursuant to section 1078-2 of this title) of this subchapter or made under part C or D of this subchapter prior to the completion of the course of study for which the borrower enrolled at the institution or at the time of departure from such institution. The counseling required by this subsection shall include—

- (i) the average anticipated monthly repayments, a review of the repayment options available, and such debt and management strategies as the institution determines are designed to facilitate the repayment of such indebtedness; and

- (ii) the terms and conditions under which the student may obtain partial cancellation or defer repayment of the principal and interest pursuant to sections 1078(b), 1087dd(c)(2), and 1087ee of this title.

(B) In the case of borrower who leaves an institution without the prior knowledge of the institution, the institution shall attempt to provide the information described in subparagraph (A) to the student in writing.

<sup>1</sup> So in original. Probably should be “or under”.

(2)(A) Each eligible institution shall require that the borrower of a loan made under part B, C, or D of this subchapter submit to the institution, during the exit interview required by this subsection—

(i) the borrower's expected permanent address after leaving the institution (regardless of the reason for leaving);

(ii) the name and address of the borrower's expected employer after leaving the institution;

(iii) the address of the borrower's next of kin; and

(iv) any corrections in the institution's records relating the borrower's name, address, social security number, references, and driver's license number.

(B) The institution shall, within 60 days after the interview, forward any corrected or completed information received from the borrower to the guaranty agency indicated on the borrower's student aid records.

**(c) Financial assistance information personnel**

Each eligible institution shall designate an employee or group of employees who shall be available on a full-time basis to assist students or potential students in obtaining information as specified in subsection (a) of this section. The Secretary may, by regulation, waive the requirement that an employee or employees be available on a full-time basis for carrying out responsibilities required under this section whenever an institution in which the total enrollment, or the portion of the enrollment participating in programs under this subchapter and part C of subchapter I of chapter 34 of title 42 at that institution, is too small to necessitate such employee or employees being available on a full-time basis. No such waiver may include permission to exempt any such institution from designating a specific individual or a group of individuals to carry out the provisions of this section.

**(d) Departmental publication of descriptions of assistance programs**

The Secretary shall make available to eligible institutions, eligible lenders, and secondary schools descriptions of Federal student assistance programs including the rights and responsibilities of student and institutional participants, in order to (1) assist students in gaining information through institutional sources, and (2) assist institutions in carrying out the provisions of this section, so that individual and institutional participants will be fully aware of their rights and responsibilities under such programs. In particular, such information shall include information to enable students and prospective students to assess the debt burden and monthly and total repayment obligations that will be incurred as a result of receiving loans of varying amounts under this subchapter and part C of subchapter I of chapter 34 of title 42. In addition, such information shall include information to enable borrowers to assess the practical consequences of loan consolidation, including differences in deferment eligibility, interest rates, monthly payments, and finance charges, and samples of loan consolidation profiles to il-

lustrate such consequences. The Secretary shall provide information concerning the specific terms and conditions under which students may obtain partial or total cancellation or defer repayment of loans for service, shall indicate (in terms of the Federal minimum wage) the maximum level of compensation and allowances that a student borrower may receive from a tax-exempt organization to qualify for a deferment, and shall explicitly state that students may qualify for such partial cancellations or deferments when they serve as a paid employee of a tax-exempt organization. Such information shall be provided by eligible institutions and eligible lenders at any time that information regarding loan availability is provided to any student.

**(e) Disclosures required with respect to athletically related student aid**

(1) Each institution of higher education which participates in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 and is attended by students receiving athletically related student aid shall annually submit a report to the Secretary which contains—

(A) the number of students at the institution of higher education who received athletically related student aid broken down by race and sex in the following sports: basketball, football, baseball, cross country/track, and all other sports combined;

(B) the number of students at the institution of higher education, broken down by race and sex;

(C) the completion or graduation rate for students at the institution of higher education who received athletically related student aid broken down by race and sex in the following sports: basketball, football, baseball, cross country/track and all other sports combined;

(D) the completion or graduation rate for students at the institution of higher education, broken down by race and sex;

(E) the average completion or graduation rate for the 4 most recent completing or graduating classes of students at the institution of higher education who received athletically related student aid broken down by race and sex in the following categories: basketball, football, baseball, cross country/track, and all other sports combined; and

(F) the average completion or graduation rate for the 4 most recent completing or graduating classes of students at the institution of higher education broken down by race and sex.

(2) When an institution described in paragraph (1) of this subsection offers a potential student athlete athletically related student aid, such institution shall provide to the student and his parents, his guidance counselor, and coach the information contained in the report submitted by such institution pursuant to paragraph (1).

(3) For purposes of this subsection, institutions may exclude from the reporting requirements under paragraphs (1) and (2) the completion or graduation rates of students and student athletes who leave school to serve in the armed services, on official church missions, or with a recognized foreign aid service of the Federal Government.



(4) Each institution of higher education described in paragraph (1) may provide supplemental information to students and the Secretary showing the completion or graduation rate when such completion or graduation rate includes students transferring into and out of such institution.

(5) The Secretary, using the reports submitted under this subsection, shall compile and publish a report containing the information required under paragraph (1) broken down by—

(A) individual institutions of higher education; and

(B) athletic conferences recognized by the National Collegiate Athletic Association and the National Association of Intercollegiate Athletics.

(6) The Secretary shall waive the requirements of this subsection for any institution of higher education that is a member of an athletic association or athletic conference that has voluntarily published completion or graduation rate data or has agreed to publish data that, in the opinion of the Secretary, is substantially comparable to the information required under this subsection.

(7) The Secretary, in conjunction with the National Junior College Athletic Association, shall develop and obtain data on completion or graduation rates from two-year colleges that award athletically related student aid. Such data shall, to the extent practicable, be consistent with the reporting requirements set forth in this section.

(8) For purposes of this subsection, the term “athletically related student aid” means any scholarship, grant, or other form of financial assistance the terms of which require the recipient to participate in a program of intercollegiate athletics at an institution of higher education in order to be eligible to receive such assistance.

(9) This subsection shall not be effective until the first July 1 that follows, by more than 270 days, the date on which the Secretary first prescribes final regulations pursuant to this subsection. The reports required by this subsection shall be due on that July 1 and each succeeding July 1 and shall cover the 1-year period ending June 30 of the preceding year.

**(f) Disclosure of campus security policy and campus crime statistics**

(1) Each eligible institution participating in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 shall on August 1, 1991, begin to collect the following information with respect to campus crime statistics and campus security policies of that institution, and beginning September 1, 1992, and each year thereafter, prepare, publish, and distribute, through appropriate publications or mailings, to all current students and employees, and to any applicant for enrollment or employment upon request, an annual security report containing at least the following information with respect to the campus security policies and campus crime statistics of that institution:

(A) A statement of current campus policies regarding procedures and facilities for students and others to report criminal actions or other emergencies occurring on campus and policies concerning the institution’s response to such reports.

(B) A statement of current policies concerning security and access to campus facilities, including campus residences, and security considerations used in the maintenance of campus facilities.

(C) A statement of current policies concerning campus law enforcement, including—

(i) the enforcement authority of security personnel, including their working relationship with State and local police agencies; and

(ii) policies which encourage accurate and prompt reporting of all crimes to the campus police and the appropriate police agencies.

(D) A description of the type and frequency of programs designed to inform students and employees about campus security procedures and practices and to encourage students and employees to be responsible for their own security and the security of others.

(E) A description of programs designed to inform students and employees about the prevention of crimes.

(F) Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available, of the following criminal offenses reported to campus security authorities or local police agencies—

(i) murder;

(ii) sex offenses, forcible or nonforcible;

(iii) robbery;

(iv) aggravated assault;

(v) burglary; and

(vi) motor vehicle theft.

(G) A statement of policy concerning the monitoring and recording through local police agencies of criminal activity at off-campus student organizations which are recognized by the institution and that are engaged in by students attending the institution, including those student organizations with off-campus housing facilities.

(H) Statistics concerning the number of arrests for the following crimes occurring on campus:

(i) liquor law violations;

(ii) drug abuse violations; and

(iii) weapons possessions.

(I) A statement of policy regarding the possession, use, and sale of alcoholic beverages and enforcement of State underage drinking laws and a statement of policy regarding the possession, use, and sale of illegal drugs and enforcement of Federal and State drug laws and a description of any drug or alcohol abuse education programs as required under section 1145g of this title.

(2) Nothing in this subsection shall be construed to authorize the Secretary to require particular policies, procedures, or practices by institutions of higher education with respect to campus crimes or campus security.

(3) Each institution participating in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 shall make timely reports to the campus community on crimes considered to be a threat to other stu-

dents and employees described in paragraph (1)(F) that are reported to campus security or local law police agencies. Such reports shall be provided to students and employees in a manner that is timely and that will aid in the prevention of similar occurrences.

(4) Upon the request of the Secretary, each institution participating in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 shall submit to the Secretary a copy of the statistics required to be made available under paragraphs (1)(F) and (1)(H). The Secretary shall—

(A) review such statistics and report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate on campus crime statistics by September 1, 1995; and

(B) in coordination with representatives of institutions of higher education, identify exemplary campus security policies, procedures, and practices and disseminate information concerning those policies, procedures, and practices that have proven effective in the reduction of campus crime.

(5)(A) For purposes of this subsection, the term “campus” includes—

(i) any building or property owned or controlled by the institution of higher education within the same reasonably contiguous geographic area and used by the institution in direct support of, or related to its educational purposes; or

(ii) any building or property owned or controlled by student organizations recognized by the institution.

(B) In cases where branch campuses of an institution of higher education, schools within an institution of higher education, or administrative divisions within an institution are not within a reasonably contiguous geographic area, such entities shall be considered separate campuses for purposes of the reporting requirements of this section.

(6) The statistics described in paragraphs (1)(F) and (1)(H) shall be compiled in accordance with the definitions used in the uniform crime reporting system of the Department of Justice, Federal Bureau of Investigation, and the modifications in such definitions as implemented pursuant to the Hate Crime Statistics Act.

(7)(A) Each institution of higher education participating in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 shall develop and distribute as part of the report described in paragraph (1) a statement of policy regarding—

(i) such institution's campus sexual assault programs, which shall be aimed at prevention of sex offenses; and

(ii) the procedures followed once a sex offense has occurred.

(B) The policy described in subparagraph (A) shall address the following areas:

(i) Education programs to promote the awareness of rape, acquaintance rape, and other sex offenses.

(ii) Possible sanctions to be imposed following the final determination of an on-campus

disciplinary procedure regarding rape, acquaintance rape, or other sex offenses, forcible or nonforcible.

(iii) Procedures students should follow if a sex offense occurs, including who should be contacted, the importance of preserving evidence as may be necessary to the proof of criminal sexual assault, and to whom the alleged offense should be reported.

(iv) Procedures for on-campus disciplinary action in cases of alleged sexual assault, which shall include a clear statement that—

(I) the accuser and the accused are entitled to the same opportunities to have others present during a campus disciplinary proceeding; and

(II) both the accuser and the accused shall be informed of the outcome of any campus disciplinary proceeding brought alleging a sexual assault.

(v) Informing students of their options to notify proper law enforcement authorities, including on-campus and local police, and the option to be assisted by campus authorities in notifying such authorities, if the student so chooses.

(vi) Notification of students of existing counseling, mental health or student services for victims of sexual assault, both on campus and in the community.

(vii) Notification of students of options for, and available assistance in, changing academic and living situations after an alleged sexual assault incident, if so requested by the victim and if such changes are reasonably available.

(C) Nothing in this paragraph shall be construed to confer a private right of action upon any person to enforce the provisions of this paragraph.

**(g) Data required**

**(1) In general**

Each coeducational institution of higher education that participates in any program under this subchapter and part C of subchapter I of chapter 34 of title 42, and has an intercollegiate athletic program, shall annually, for the immediately preceding academic year, prepare a report that contains the following information regarding intercollegiate athletics:

(A) The number of male and female full-time undergraduates that attended the institution.

(B) A listing of the varsity teams that competed in intercollegiate athletic competition and for each such team the following data:

(i) The total number of participants, by team, as of the day of the first scheduled contest for the team.

(ii) Total operating expenses attributable to such teams, except that an institution may also report such expenses on a per capita basis for each team and expenditures attributable to closely related teams such as track and field or swimming and diving, may be reported together, although such combinations shall be reported separately for men's and women's teams.

(iii) Whether the head coach is male or female and whether the head coach is assigned to that team on a full-time or part-time basis. Graduate assistants and volunteers who serve as head coaches shall be considered to be head coaches for the purposes of this clause.

(iv) The number of assistant coaches who are male and the number of assistant coaches who are female for each team and whether a particular coach is assigned to that team on a full-time or part-time basis. Graduate assistants and volunteers who serve as assistant coaches shall be considered to be assistant coaches for the purposes of this clause.

(C) The total amount of money spent on athletically related student aid, including the value of waivers of educational expenses, separately for men's and women's teams overall.

(D) The ratio of athletically related student aid awarded male athletes to athletically related student aid awarded female athletes.

(E) The total amount of expenditures on recruiting, separately for men's and women's teams overall.

(F) The total annual revenues generated across all men's teams and across all women's teams, except that an institution may also report such revenues by individual team.

(G) The average annual institutional salary of the head coaches of men's teams, across all offered sports, and the average annual institutional salary of the head coaches of women's teams, across all offered sports.

(H) The average annual institutional salary of the assistant coaches of men's teams, across all offered sports, and the average annual institutional salary of the assistant coaches of women's teams, across all offered sports.

## (2) Special rule

For the purposes of subparagraph (G),<sup>2</sup> if a coach has responsibilities for more than one team and the institution does not allocate such coach's salary by team, the institution should divide the salary by the number of teams for which the coach has responsibility and allocate the salary among the teams on a basis consistent with the coach's responsibilities for the different teams.

## (3) Disclosure of information to students and public

An institution of higher education described in paragraph (1) shall make available to students and potential students, upon request, and to the public, the information contained in the report described in paragraph (1), except that all students shall be informed of their right to request such information.

## (4) "Operating expenses" defined

For the purposes of this subsection, the term "operating expenses" means expenditures on

lodging and meals, transportation, officials, uniforms and equipment.

## (5) Regulations and effective date

The Secretary shall issue final regulations to implement the requirements of this subsection not later than 180 days following October 20, 1994. Each institution described in paragraph (1) shall make available its first report pursuant to this section not later than October 1, 1996.

(Pub. L. 89-329, title IV, § 485, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1482; amended Pub. L. 100-50, § 15(10), (11), June 3, 1987, 101 Stat. 357; Pub. L. 101-542, title I, §§ 103(a), (b), 104(a), title II, § 204(a), Nov. 8, 1990, 104 Stat. 2381-2385; Pub. L. 101-610, title II, §§ 201-203, Nov. 16, 1990, 104 Stat. 3171, 3172; Pub. L. 102-26, § 10(a)-(d), Apr. 9, 1991, 105 Stat. 128; Pub. L. 102-164, title VI, § 603, Nov. 15, 1991, 105 Stat. 1066; Pub. L. 102-325, title IV, § 486(a)-(c)(2), July 23, 1992, 106 Stat. 620, 621; Pub. L. 103-208, § 2(h)(28)-(37), (k)(9), Dec. 20, 1993, 107 Stat. 2477, 2486; Pub. L. 103-382, title III, § 360B(c), Oct. 20, 1994, 108 Stat. 3970.)

## REFERENCES IN TEXT

The Peace Corps Act, referred to in subsec. (a)(1)(M), is Pub. L. 87-293, Sept. 22, 1961, 75 Stat. 612, as amended, which is classified principally to chapter 34 (§ 2501 et seq.) of Title 22, Foreign Relations and Intercourse. For complete classification of this Act to the Code, see Short Title note set out under section 2501 of Title 22 and Tables.

The Domestic Volunteer Service Act of 1973, referred to in subsec. (a)(1)(M), is Pub. L. 93-113, Oct. 1, 1973, 87 Stat. 394, as amended, which is classified principally to chapter 66 (§ 4950 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 4950 of Title 42 and Tables.

The Hate Crime Statistics Act, referred to in subsec. (f)(6), is Pub. L. 101-275, Apr. 23, 1990, 104 Stat. 140, which is set out as a note under section 534 of Title 28, Judiciary and Judicial Procedure.

## PRIOR PROVISIONS

A prior section 1092, Pub. L. 89-329, title IV, § 485, as added Pub. L. 96-374, title IV, § 451(a), Oct. 3, 1980, 94 Stat. 1449, related to provision of institutional and financial assistance information for students, prior to the general revision of this part by Pub. L. 99-498.

Another prior section 1092, Pub. L. 89-329, title V, § 508, formerly § 502, Nov. 8, 1965, 79 Stat. 1255; renumbered § 508 and amended Pub. L. 90-35, §§ 2(b), 7, June 29, 1967, 81 Stat. 82, 93, prohibited the making of payments for religious purposes for authorized programs, prior to repeal by Pub. L. 94-482, title I, § 151(a)(2), Oct. 12, 1976, 90 Stat. 2151.

## AMENDMENTS

1994—Subsec. (g). Pub. L. 103-382 added subsec. (g).

1993—Subsec. (a)(1)(F)(i) to (iii). Pub. L. 103-208, § 2(h)(28), inserted before comma at end "for the period of enrollment for which a refund is required".

Subsec. (a)(1)(F)(iv). Pub. L. 103-208, § 2(h)(29), inserted "under" after "awards".

Subsec. (a)(1)(F)(vi). Pub. L. 103-208, § 2(h)(32), redesignated cl. (vii) as (vi) and struck out former cl. (vi) which read as follows: "to awards under part C of subchapter I of chapter 34 of title 42.".

Subsec. (a)(1)(F)(vii). Pub. L. 103-208, § 2(h)(32), redesignated cl. (viii) as (vii). Former cl. (vii) redesignated (vi).

Pub. L. 103-208, § 2(h)(30), struck out "provided under this subchapter and part C of subchapter I of chapter 34 of title 42" after "student assistance".

<sup>2</sup> So in original. Probably should be "paragraph (1)(G)".

Subsec. (a)(1)(F)(viii). Pub. L. 103-208, §2(h)(32), redesignated cl. (viii) as (vii).

Pub. L. 103-208, §2(h)(31), struck out period after “student”.

Subsec. (a)(1)(L). Pub. L. 103-208, §2(k)(9), amended directory language of Pub. L. 102-325, §486(a)(3). See 1992 Amendment note below.

Pub. L. 103-208, §2(h)(33), inserted comma after “full-time”.

Subsec. (a)(3)(A). Pub. L. 103-208, §2(h)(34), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “shall be available beginning on July 1, 1993, and each year thereafter to current and prospective students prior to enrolling or entering into any financial obligation; and”.

Subsec. (b)(1)(A), (2)(A). Pub. L. 103-208, §2(h)(35), substituted “under part” for “under parts”.

Subsec. (d). Pub. L. 103-208, §2(h)(36), inserted period at end of penultimate sentence.

Subsec. (e)(9). Pub. L. 103-208, §2(h)(37), added subpar. (9).

1992—Subsec. (a)(1)(F). Pub. L. 102-325, §486(a)(1), inserted “, as determined under section 1091b of this title,” after “of the institution” and “, which refunds shall be credited in the following order:” after “of this paragraph” and added cls. (i) to (viii).

Subsec. (a)(1)(K). Pub. L. 102-325, §486(a)(2), struck out “and” at end.

Subsec. (a)(1)(L). Pub. L. 102-325, §486(a)(4), redesignated subpar. (L), relating to deferral or partial cancellation of student loans, as (M).

Pub. L. 102-325, §486(a)(3), as amended by Pub. L. 103-208, §2(k)(9), amended subpar. (L), relating to completion or graduation rate, by substituting semicolon for period at end.

Subsec. (a)(1)(M). Pub. L. 102-325, §486(a)(4), (5), redesignated subpar. (L), relating to deferral or partial cancellation of student loans, as (M) and substituted “; and” for period at end.

Subsec. (a)(1)(N). Pub. L. 102-325, §486(a)(6), added subpar. (N).

Subsec. (b). Pub. L. 102-325, §486(b), amended subsec. (b) generally, making changes in substance and structure of former text which related to exit counseling for borrowers and borrower information.

Subsec. (f)(1)(F). Pub. L. 102-325, §486(c)(1), amended subpar. (F) generally. Prior to amendment, subpar. (F) read as follows: “Statistics concerning the occurrence on campus, during the most recent calendar year, and during the 2 preceding calendar years for which data are available, of the following criminal offenses reported to campus security authorities or local police agencies—

- “(i) murder;
- “(ii) rape;
- “(iii) robbery;
- “(iv) aggravated assault;
- “(v) burglary; and
- “(vi) motor vehicle theft.”

Subsec. (f)(7). Pub. L. 102-325, §486(c)(2), added par. (7).

1991—Subsec. (a)(1)(L). Pub. L. 102-26, §10(a), which directed the insertion of “undergraduate” after “full-time” in subpar. (L), was executed to the subpar. (L) added by Pub. L. 101-542, §103(a), relating to completion or graduation rate, to reflect the probable intent of Congress.

Subsec. (a)(3)(A) to (C). Pub. L. 102-26, §10(b), inserted “and” at end of subpar. (A), substituted a period for “; and” at end of subpar. (B), and struck out subpar. (C) which read as follows: “shall be updated not less than biennially.”

Subsec. (a)(5). Pub. L. 102-26, §10(c), added par. (5).

Subsec. (b). Pub. L. 102-164 substituted “Exit counseling for borrowers; borrower information” for “Exit counseling for borrowers” in heading and inserted at end “Each eligible institution shall require that the borrower of a loan made under part B, part C, or part D of this subchapter submit to the institution, during the exit interview required by this subsection, the borrower’s expected permanent address after leaving the

institution, regardless of the reason for leaving; the name and address of the borrower’s expected employer after leaving the institution; and the address of the borrower’s next of kin. In the case of a loan made under part B of this subchapter, the institution shall then submit this information to the holder of the loan.”

Subsec. (f)(1). Pub. L. 102-26, §10(d), substituted “August 1, 1991,” for “September 1, 1991,” in introductory provisions, and in subpar. (F) substituted “calendar year” and “calendar years” for “school year” and “school years”, respectively.

1990—Subsec. (a)(1)(L). Pub. L. 101-610, §201, added subpar. (L) relating to deferral or partial cancellation of student loans.

Pub. L. 101-542, §103(a), added subpar. (L) relating to completion or graduation rate.

Subsec. (a)(3), (4). Pub. L. 101-542, §103(b), added pars. (3) and (4).

Subsec. (b)(3). Pub. L. 101-610, §202, added par. (3).

Subsec. (d). Pub. L. 101-610, §203, inserted before last sentence “The Secretary shall provide information concerning the specific terms and conditions under which students may obtain partial or total cancellation or defer repayment of loans for service, shall indicate (in terms of the Federal minimum wage) the maximum level of compensation and allowances that a student borrower may receive from a tax-exempt organization to qualify for a deferment, and shall explicitly state that students may qualify for such partial cancellations or deferments when they serve as a paid employee of a tax-exempt organization”.

Subsec. (e). Pub. L. 101-542, §104(a), added subsec. (e).

Subsec. (f). Pub. L. 101-542, §204(a), added subsec. (f).

1987—Subsec. (b). Pub. L. 100-50, §15(10), inserted “(other than loans made pursuant to section 1078-2 of this title)” after “part B of this subchapter”.

Subsec. (d). Pub. L. 100-50, §15(11), inserted after second sentence “In addition, such information shall include information to enable borrowers to assess the practical consequences of loan consolidation, including differences in deferment eligibility, interest rates, monthly payments, and finance charges, and samples of loan consolidation profiles to illustrate such consequences.”

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by section 486(a), (b), and (c)(2) of Pub. L. 102-325 effective July 23, 1992, except that changes relating to disclosures effective with respect to periods of enrollment beginning on or after July 1, 1993, see section 498 of Pub. L. 102-325, set out as a note under section 1088 of this title.

Section 486(c)(3) of Pub. L. 102-325 provided that: “The amendment made by this subsection to subparagraph (F)(ii) of section 485(f)(1) of the Act [20 U.S.C. 1092(f)(1)(F)(ii)] shall be effective with respect to reports made pursuant to such section on or after September 1, 1993. The statistics required by subparagraph (F) of such section shall—

“(A) in the report required on September 1, 1992, include statistics concerning the occurrence on campus of offenses during the period from August 1, 1991, to July 31, 1992;

“(B) in the report required on September 1, 1993, include statistics concerning the occurrence on campus

of offenses during (i) the period from August 1, 1991, to December 31, 1991, and (ii) the calendar year 1992;

“(C) in the report required on September 1, 1994, include statistics concerning the occurrence on campus of offenses during (i) the period from August 1, 1991, to December 31, 1991, and (ii) the calendar years 1992 and 1993; and

“(D) in the report required on September 1 of 1995 and each succeeding year, include statistics concerning the occurrence on campus of offenses during the three calendar years preceding the year in which the report is made.”

#### EFFECTIVE DATE OF 1990 AMENDMENT

Section 104(b) of Pub. L. 101-542, as amended by Pub. L. 102-26, §10(e), Apr. 9, 1991, 105 Stat. 128, provided that: “The report to the Secretary of Education required by the amendments made by this section [amending this section] shall be due on July 1, 1993, and annually thereafter, and shall cover the one-year period ending on June 30 of the preceding year.”

Section 204(c) of Pub. L. 101-542 provided that: “The amendments made by this section [amending this section] shall take effect on September 1, 1991, except that the requirement of section 485(f)(1)(F) and (H) of the Higher Education Act of 1965 [subsec. (f)(1)(F), (H) of this section] (as added by this section) shall be applied to require statistics with respect to school years preceding the date of enactment of this Act [Nov. 8, 1990] only to the extent that data concerning such years is reasonably available.”

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Subsec. (b) of this section applicable only to periods of enrollment beginning on or after July 1, 1987, see section 407(b) of Pub. L. 99-498, set out as a note under section 1091 of this title.

#### REGULATIONS

Section 401(a) of Pub. L. 101-542 provided that: “The Secretary is authorized to issue regulations to carry out the provisions of this Act [amending this section and sections 1085, 1094, and 1232g of this title and enacting provisions set out as notes under this section and section 1001 of this title].”

#### CONGRESSIONAL FINDINGS

Section 360B(b) of Pub. L. 103-382 provided that: “The Congress finds that—

“(1) participation in athletic pursuits plays an important role in teaching young Americans how to work on teams, handle challenges and overcome obstacles;

“(2) participation in athletic pursuits plays an important role in keeping the minds and bodies of young Americans healthy and physically fit;

“(3) there is increasing concern among citizens, educators, and public officials regarding the athletic opportunities for young men and women at institutions of higher education;

“(4) a recent study by the National Collegiate Athletic Association found that in Division I-A institutions, only 20 percent of the average athletic department operations budget of \$1,310,000 is spent on women’s athletics; 15 percent of the average recruiting budget of \$318,402 is spent on recruiting female athletes; the average scholarship expenses for men is \$1,300,000 and \$505,246 for women; and an average of 143 grants are awarded to male athletes and 59 to women athletes;

“(5) female college athletes receive less than 18 percent of the athletics recruiting dollar and less than 24 percent of the athletics operating dollar;

“(6) male college athletes receive approximately \$179,000,000 more per year in athletic scholarship grants than female college athletes;

“(7) prospective students and prospective student athletes should be aware of the commitments of an institution to providing equitable athletic opportunities for its men and women students; and

“(8) knowledge of an institution’s expenditures for women’s and men’s athletic programs would help prospective students and prospective student athletes make informed judgments about the commitments of a given institution of higher education to providing equitable athletic benefits to its men and women students.”

Section 102 of Pub. L. 101-542 provided that: “The Congress finds that—

“(1) education is fundamental to the development of individual citizens and the progress of the Nation as a whole;

“(2) there is increasing concern among citizens, educators, and public officials regarding the academic performance of students at institutions of higher education;

“(3) a recent study by the National Institute of Independent Colleges and Universities found that just 43 percent of students attending 4-year public colleges and universities and 54 percent of students entering private institutions graduated within 6 years of enrolling;

“(4) the academic performance of student athletes, especially student athletes receiving football and basketball scholarships, has been a source of great concern in recent years;

“(5) more than 10,000 athletic scholarships are provided annually by institutions of higher education;

“(6) prospective students and prospective student athletes should be aware of the educational commitments of an institution of higher education; and

“(7) knowledge of graduation rates would help prospective students and prospective student athletes make an informed judgment about the educational benefits available at a given institution of higher education.”

Section 202 of Pub. L. 101-542 provided that: “The Congress finds that—

“(1) the reported incidence of crime, particularly violent crime, on some college campuses has steadily risen in recent years;

“(2) although annual ‘National Campus Violence Surveys’ indicate that roughly 80 percent of campus crimes are committed by a student upon another student and that approximately 95 percent of the campus crimes that are violent are alcohol- or drug-related, there are currently no comprehensive data on campus crimes;

“(3) out of 8,000 postsecondary institutions participating in Federal student aid programs, only 352 colleges and universities voluntarily provide crime statistics directly through the Uniform Crime Report of the Federal Bureau of Investigation, and other institutions report data indirectly, through local police agencies or States, in a manner that does not permit campus statistics to be separated;

“(4) several State legislatures have adopted or are considering legislation to require reporting of campus crime statistics and dissemination of security practices and procedures, but the bills are not uniform in their requirements and standards;

“(5) students and employees of institutions of higher education should be aware of the incidence of crime on campus and policies and procedures to prevent crime or to report occurrences of crime;

“(6) applicants for enrollment at a college or university, and their parents, should have access to information about the crime statistics of that institution and its security policies and procedures; and

“(7) while many institutions have established crime preventive measures to increase the safety of campuses, there is a clear need—

“(A) to encourage the development on all campuses of security policies and procedures;

“(B) for uniformity and consistency in the reporting of crimes on campus; and

“(C) to encourage the development of policies and procedures to address sexual assaults and racial violence on college campuses.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1094, 7132 of this title.

### § 1092a. Combined payment plan

#### (a) Eligibility for plan

Upon the request of the borrower, a lender described in subparagraph (A), (B), or (C) of section 1078-3(a)(1) of this title, or defined in subpart I<sup>1</sup> of part C of title VII of the Public Health Service Act may, with respect to a consolidation loan made under section 1078-3 of this title (and section 1087-2(o) of this title as in effect prior to the enactment of section 1078-3 of this title) and loans guaranteed under subpart I<sup>1</sup> of part C of title VII of the Public Health Service Act (known as Health Education Assistance Loans), offer a combined payment plan under which the lender shall submit one bill to the borrower for the repayment of all such loans for the monthly or other similar period of repayment.

#### (b) Applicability of other requirements

A lender offering a combined payment plan shall comply with all provisions of section 1078-3 of this title applicable to loans consolidated or to be consolidated and shall comply with all provisions of subpart I<sup>1</sup> of part C of title VII of the Public Health Service Act applicable to loans under that subpart which are made part of the combined payment plan, except that a lender offering a combined payment plan under this section may offer consolidation loans pursuant to section 1078-3(b)(1)(A) of this title if such lender holds any outstanding loan of a borrower which is selected for inclusion in a combined payment plan.

#### (c) Lender eligibility

Such lender may offer a combined payment plan only if—

(1) the lender holds an outstanding loan of that borrower which is selected by the borrower for incorporation into a combined payment plan pursuant to this section (including loans which are selected by the borrower for consolidation under this section); or

(2) the borrower certifies that the borrower has sought and has been unable to obtain a combined payment plan from the holders of the outstanding loans of that borrower.

#### (d) Borrower selection of competing offers

In the case of multiple offers by lenders to administer a combined payment plan for a borrower, the borrower shall select from among them the lender to administer the combined payment plan including its loan consolidation component.

#### (e) Effect of plan

Upon selection of a lender to administer the combined payment plan, the lender may reissue

any Health Education Assistance Loan selected by the borrower for incorporation in the combined payment plan which is not held by such lender and the proceeds of such reissued loan shall be paid by the lender to the holder or holders of the loans so selected to discharge the liability on such loans, if—

(1) the lender selected to administer the combined payment plan has determined to its satisfaction, in accordance with reasonable and prudent business practices, for each loan being reissued (A) that the loan is a legal, valid, and binding obligation of the borrower; (B) that each such loan was made and serviced in compliance with applicable laws and regulations; and (C) the insurance on such loan is in full force and effect; and

(2) the loan being reissued was not in default (as defined in section 733(e)(3)<sup>2</sup> of the Public Health Service Act) at the time the request for a combined payment plan is made.

#### (f) Notes and insurance certificates

(1) Each loan reissued under subsection (e) of this section shall be evidenced by a note executed by the borrower. The Secretary of Health and Human Services shall insure such loan under a certificate of comprehensive insurance with no insurance limit, but any such certificate shall only be issued to an authorized holder of loans insured under subpart I<sup>2</sup> of part C of title VII of the Public Health Service Act (including the Student Loan Marketing Association). Such certificates shall provide that all loans reissued under this section shall be fully insured against loss of principal and interest. Any insurance issued with respect to loans reissued under this section shall be excluded from the limitation on maximum insurance authority set forth in section 728(a)<sup>2</sup> of the Public Health Service Act. Notwithstanding the provisions of section 729(a)<sup>2</sup> of the Public Health Service Act, the reissued loan shall be made in an amount, including outstanding principal, capitalized interest, accrued unpaid interest not yet capitalized, and authorized late charges. The proceeds of each such loan will be paid by the lender to the holder of the original loan being reissued and the borrower's obligation to that holder on that loan shall be discharged.

(2) Except as otherwise specifically provided for under the provisions of this section, the terms of any reissued loan shall be the same as the terms of the original loan. The maximum repayment period for a loan reissued under this section shall not exceed the remainder of the period which would have been permitted on the original loan. If the lender holds more than one loan insured under subpart I<sup>2</sup> of part C of title VII of the Public Health Service Act, the maximum repayment period for all such loans may extend to the latest date permitted for any individual loan. Any reissued loan may be consolidated with any other Health Education Assistance Loan as provided in the Public Health Service Act [42 U.S.C. 201 et seq.], and, with the concurrence of the borrower, repayment of any such loans during any period may be made in amounts that are less than the interest that accrues on such loans during that period.

<sup>1</sup> See References in Text note below.

<sup>2</sup> See References in Text note below.

**(g) Termination of borrower eligibility**

The status of an individual as an eligible combined payment plan borrower terminates upon receipt of a combined payment plan.

**(h) Fees and premiums**

No origination fee or insurance premium shall be charged to the borrower on any combined payment plan, and no origination fee or insurance premium shall be payable by the lender to the Secretary of Health and Human Services.

**(i) Commencement of repayment**

Repayment of a combined payment plan shall commence within 60 days after the later of the date of acceptance of the lender's offer to administer a combined payment plan, the making of the consolidation loan or the reissuance of any Health Education Assistance Loans pursuant to subsection (e) of this section.

(Pub. L. 89-329, title IV, § 485A, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1484; amended Pub. L. 100-50, § 15(12), June 3, 1987, 101 Stat. 357.)

## REFERENCES IN TEXT

The Public Health Service Act, referred to in subsecs. (a), (b), and (f), is act July 1, 1944, ch. 373, 58 Stat. 682, as amended, which is classified generally to chapter 6A (§ 201 et seq.) of Title 42, The Public Health and Welfare. Subpart I of part C of title VII of the Act was classified generally to subpart I (§ 294 et seq.) of part C of subchapter V of chapter 6A of Title 42 and was omitted in the general revision of subchapter V of chapter 6A by Pub. L. 102-408, title I, § 102, Oct. 13, 1992, 106 Stat. 1994. See subpart I (§ 292 et seq.) of part A of subchapter V of chapter 6A. Sections 728, 729, and 733 of the Act were classified to sections 294a, 294b, and 294f, respectively, of Title 42 and were omitted in the general revision of subchapter V by Pub. L. 102-408. Pub. L. 102-408 enacted a new section 728 of act July 1, 1944, relating to distribution of assets, a new section 762, relating to special projects, and a new section 763, relating to preventive medicine and dental public health which are classified to sections 292x, 294a, and 294b, respectively, of Title 42. See sections 292a, 292b, and 292f, respectively, of Title 42. For complete classification of this Act to the Code, see Short Title note set out under section 201 of Title 42 and Tables.

## AMENDMENTS

1987—Subsec. (a). Pub. L. 100-50 substituted “subparagraph (A), (B), or (C)” for “clause (i), (ii), or (iii)”.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

**§ 1092b. National Student Loan Data System****(a) Development of System**

The Secretary shall consult with a representative group of guaranty agencies, eligible lenders, and eligible institutions to develop a mutually agreeable proposal for the establishment of a National Student Loan Data System containing information regarding loans made, insured, or guaranteed under part B of this subchapter and loans made under parts C and D of this subchapter, and for allowing the electronic exchange of data between program participants and the system. In establishing such data sys-

tem, the Secretary shall place a priority on providing for the monitoring of enrollment, student status, information about current loan holders and servicers, and internship and residency information. Such data system shall also permit borrowers to use the system to identify the current loan holders and servicers of such borrower's loan. The information in the data system shall include (but is not limited to)—

(1) the amount and type of each such loan made;

(2) the names and social security numbers of the borrowers;

(3) the guaranty agency responsible for the guarantee of the loan;

(4) the institution of higher education or organization responsible for loans made under parts C and D of this subchapter;

(5)<sup>1</sup> the exact amount of loans partially or totally canceled or in deferment for service under the Peace Corps Act (22 U.S.C. 2501 et seq.),<sup>2</sup> for service under the Domestic Volunteer Service Act of 1973 [42 U.S.C. 4950 et seq.], and for comparable full-time service as a volunteer for a tax-exempt organization of demonstrated effectiveness;<sup>3</sup>

(5)<sup>1</sup> the eligible institution in which the student was enrolled or accepted for enrollment at the time the loan was made, and any additional institutions attended by the borrower;

(6) the total amount of loans made to any borrower and the remaining balance of the loans;

(7) the lender, holder, and servicer of such loans;

(8) information concerning the date of any default on the loan and the collection of the loan, including any information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 1080(a) of this title or the guaranty agency has made a payment to the previous holder of the loan;

(9) information regarding any deferments or forbearance granted on such loans; and

(10) the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 1087 of this title.

**(b) Additional information**

For the purposes of research and policy analysis, the proposal shall also contain provisions for obtaining additional data concerning the characteristics of borrowers and the extent of student loan indebtedness on a statistically valid sample of borrowers under part B of this subchapter. Such data shall include—

(1) information concerning the income level of the borrower and his family and the extent of the borrower's need for student financial assistance, including loans;

(2) information concerning the type of institution attended by the borrower and the year of the program of education for which the loan was obtained;

(3) information concerning other student financial assistance received by the borrower; and

<sup>1</sup> So in original. Two pars. (5) have been enacted.

<sup>2</sup> So in original.

<sup>3</sup> So in original. The period probably should be a semicolon.

(4) information concerning Federal costs associated with the student loan program under part B of this subchapter, including the costs of interest subsidies, special allowance payments, and other subsidies.

**(c) Verification**

The Secretary may require lenders, guaranty agencies, or institutions of higher education to verify information or obtain eligibility or other information through the National Student Loan Data System prior to making, guaranteeing, or certifying a loan made under part B, C, or D of this subchapter.

**(d) Report to Congress**

The Secretary shall prepare and submit to the appropriate committees of the Congress, in each fiscal year, a report describing the results obtained by the establishment and operation of the student loan data system authorized by this section.

**(e) Standardization of data reporting**

**(1) In general**

The Secretary shall by regulation prescribe standards and procedures (including relevant definitions) that require all lenders and guaranty agencies to report information on all aspects of loans made under this subchapter and part C of subchapter I of chapter 34 of title 42 in uniform formats in order to permit the direct comparison of data submitted by individual lenders, servicers or guaranty agencies.

**(2) Activities**

For the purpose of establishing standards under this section, the Secretary shall—

(A) consult with guaranty agencies, lenders, institutions of higher education, and organizations representing the groups described in paragraph (1);

(B) develop standards designed to be implemented by all guaranty agencies and lenders with minimum modifications to existing data processing hardware and software; and

(C) publish the specifications selected to be used to encourage the automation of exchanges of information between all parties involved in loans under this subchapter and part C of subchapter I of chapter 34 of title 42.

**(f) Common identifiers**

The Secretary shall, not later than July 1, 1993—

(1) revise the codes used to identify institutions and students in the student loan data system authorized by this section to make such codes consistent with the codes used in each database used by the Department of Education that contains information of participation in programs under this subchapter and part C of subchapter I of chapter 34 of title 42; and

(2) modify the design or operation of the system authorized by this section to ensure that data relating to any institution is readily accessible and can be used in a form compatible with the integrated postsecondary education data system (IPEDS).

**(g) Integration of databases**

The Secretary shall integrate the National Student Loan Data System with the Pell Grant

applicant and recipient databases as of January 1, 1994, and any other databases containing information on participation in programs under this subchapter and part C of subchapter I of chapter 34 of title 42.

(Pub. L. 89-329, title IV, § 485B, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1486; amended Pub. L. 100-50, § 15(13), June 3, 1987, 101 Stat. 357; Pub. L. 101-239, title II, § 2008, Dec. 19, 1989, 103 Stat. 2121; Pub. L. 101-610, title II, § 204, Nov. 16, 1990, 104 Stat. 3172; Pub. L. 102-325, title IV, § 487, July 23, 1992, 106 Stat. 623; Pub. L. 103-208, § 2(h)(38)-(41), Dec. 20, 1993, 107 Stat. 2478.)

REFERENCES IN TEXT

The Peace Corps Act, referred to in subsec. (a)(5), is Pub. L. 87-293, Sept. 22, 1961, 75 Stat. 612, as amended, which is classified principally to chapter 34 (§ 2501 et seq.) of Title 22, Foreign Relations and Intercourse. For complete classification of this Act to the Code, see Short Title note set out under section 2501 of Title 22 and Tables.

The Domestic Volunteer Service Act of 1973, referred to in subsec. (a)(5), is Pub. L. 93-113, Oct. 1, 1973, 87 Stat. 394, as amended, which is classified principally to chapter 66 (§ 4950 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 4950 of Title 42 and Tables.

AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208, § 2(h)(38), substituted “parts C and D of this subchapter” for “part D of this subchapter” and struck out second period at end of third sentence.

Subsec. (a)(4). Pub. L. 103-208, § 2(h)(39), substituted “parts C and D of this subchapter” for “part D of this subchapter”.

Subsec. (c). Pub. L. 103-208, § 2(h)(40), substituted “part B, C, or D of this subchapter” for “part B or part D of this subchapter”.

Subsec. (e)(1), (2)(C). Pub. L. 103-208, § 2(h)(41), substituted “under this subchapter and part C of subchapter I of chapter 34 of title 42” for “under this part”.

1992—Subsec. (a). Pub. L. 102-325, § 487(a), inserted “, and for allowing the electronic exchange of data between program participants and the system. In establishing such data system, the Secretary shall place a priority on providing for the monitoring of enrollment, student status, information about current loan holders and servicers, and internship and residency information. Such data system shall also permit borrowers to use the system to identify the current loan holders and servicers of such borrower’s loan.” after “part D of this subchapter”.

Subsecs. (e) to (g). Pub. L. 102-325, § 487(b), added subsecs. (e) to (g).

1990—Subsec. (a)(5). Pub. L. 101-610 added subsec. (a)(5) relating to loan cancellations and deferments.

1989—Pub. L. 101-239 amended section generally, substituting subsecs. (a) to (d) for former subsec. (a) relating to authority of Secretary, subsec. (b) relating to access to information, subsec. (c) relating to verification not required, and subsec. (d) relating to report to Congress.

1987—Subsec. (b)(1). Pub. L. 100-50, § 15(13)(A), substituted “public agencies” for “Federal agencies”.

Subsec. (b)(2)(D). Pub. L. 100-50, § 15(13)(B), substituted “of any borrower” for “of a borrower for whom the guaranty agency provides insurance”.

Subsec. (b)(3). Pub. L. 100-50, § 15(13)(C), substituted “public agency” for “Federal agency”.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L.



102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1078 of this title.

### § 1092c. Simplification of lending process for borrowers

#### (a) All like loans treated as one

To the extent practicable, and with the cooperation of the borrower, eligible lenders shall treat all loans made to a borrower under the same section of part B of this subchapter as one loan and shall submit one bill to the borrower for the repayment of all such loans for the monthly or other similar period of repayment. Any deferments on one such loan will be considered a deferment on the total amount of all such loans.

#### (b) One lender, one guaranty agency

To the extent practicable, and with the cooperation of the borrower, the guaranty agency shall ensure that a borrower only have one lender, one holder, one guaranty agency, and one servicer with which to maintain contact.

(Pub. L. 89-329, title IV, § 485C, as added Pub. L. 102-325, title IV, § 488, July 23, 1992, 106 Stat. 624.)

### § 1093. Training in financial aid services

#### (a) Program authority

The Secretary is authorized to provide grants to appropriate nonprofit private organizations or combinations of such organizations to provide training for student financial aid administrators and TRIO personnel, at all levels of experience, who provide or are involved in student financial aid services.

#### (b) Use of funds

Financial assistance under this section may be used for—

(1) the operation of short-term training institutes and special training programs for student financial aid administrators or TRIO personnel designed to—

(A) improve the professional management skills of participants in such institutes and programs;

(B) improve the delivery of student services;

(C) improve students' or prospective students' information on the availability and operation of student financial assistance programs; and

(D) improve the understanding and knowledge of the participants concerning the legislative and regulatory requirements of the student financial assistance programs and changes in such requirements; and

(2) the development of appropriate training materials.

#### (c) Limitations

Grants authorized under this section—

(1) shall be limited to not less than \$1,000,000 in the case of single-year grants;

(2) shall be limited to not less than \$1,000,000 per year in the case of multiple-year grants;

(3) shall be limited to a maximum of 3 years in the case of multiple-year grants; and

(4) may be renewed at the discretion of the Secretary.

#### (d) Authorization of appropriations and use of funds

There are authorized to be appropriated \$5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

(Pub. L. 89-329, title IV, § 486, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1487; amended Pub. L. 102-325, title IV, § 489, July 23, 1992, 106 Stat. 624.)

#### PRIOR PROVISIONS

A prior section 1093, Pub. L. 89-329, title IV, § 486, as added Pub. L. 96-374, title IV, § 451(a), Oct. 3, 1980, 94 Stat. 1450, related to training in financial aid and student support services, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1992—Pub. L. 102-325 struck out “and student support” after “aid” in section catchline and amended text generally, substituting present provisions for former subsec. (a) relating to program authority, subsec. (b) relating to use of funds, and subsec. (c) relating to authorization of appropriations.

### § 1094. Program participation agreements

#### (a) Required for programs of assistance; contents

In order to be an eligible institution for the purposes of any program authorized under this subchapter and part C of subchapter I of chapter 34 of title 42, an institution must be an institution of higher education or an eligible institution (as that term is defined for the purpose of that program) and shall, except with respect to a program under subpart 4 of part A of this subchapter, enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to participate in a program upon compliance with the following requirements:

(1) The institution will use funds received by it for any program under this subchapter and part C of subchapter I of chapter 34 of title 42 and any interest or other earnings thereon solely for the purpose specified in and in accordance with the provision of that program.

(2) The institution shall not charge any student a fee for processing or handling any application, form, or data required to determine the student's eligibility for assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 or the amount of such assistance.

(3) The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under this subchapter and part C of subchapter

I of chapter 34 of title 42, together with assurances that the institution will provide, upon request and in a timely fashion, information relating to the administrative capability and financial responsibility of the institution to—

- (A) the Secretary;
- (B) the appropriate State review entity designated under subpart 1 of part G of this subchapter;
- (C) the appropriate guaranty agency; and
- (D) the appropriate accrediting agency or association.

(4) The institution will comply with the provisions of subsection (b) of this section and the regulations prescribed under that subsection, relating to fiscal eligibility.

(5) The institution will submit reports to the Secretary and, in the case of an institution participating in a program under part B or part D of this subchapter, to holders of loans made to the institution's students under such parts at such times and containing such information as the Secretary may reasonably require to carry out the purpose of this subchapter and part C of subchapter I of chapter 34 of title 42.

(6) The institution will not provide any student with any statement or certification to any lender under part B of this subchapter that qualifies the student for a loan or loans in excess of the amount that student is eligible to borrow in accordance with sections 1075(a), 1078(a)(2), and 1078(b)(1)(A) and (B) of this title.

(7) The institution will comply with the requirements of section 1092 of this title.

(8) In the case of an institution that advertises job placement rates as a means of attracting students to enroll in the institution, the institution will make available to prospective students, at or before the time of application (A) the most recent available data concerning employment statistics, graduation statistics, and any other information necessary to substantiate the truthfulness of the advertisements, and (B) relevant State licensing requirements of the State in which such institution is located for any job for which the course of instruction is designed to prepare such prospective students.

(9) In the case of an institution participating in a program under part B of this subchapter, the institution will inform all eligible borrowers enrolled in the institution about the availability and eligibility of such borrowers for State grant assistance from the State in which the institution is located, and will inform such borrowers from another State of the source for further information concerning such assistance from that State.

(10) The institution certifies that it has in operation a drug abuse prevention program that is determined by the institution to be accessible to any officer, employee, or student at the institution.

(11) In the case of any institution whose students receive financial assistance pursuant to section 1091(d) of this title, the institution will make available to such students a program proven successful in assisting students in obtaining a certificate of high school equivalency.

(12) The institution certifies that—

- (A) the institution has established a campus security policy; and
- (B) the institution has complied with the disclosure requirements of section 1092(f) of this title.

(13) The institution will not deny any form of Federal financial aid to any student who meets the eligibility requirements of this subchapter and part C of subchapter I of chapter 34 of title 42 on the grounds that the student is participating in a program of study abroad approved for credit by the institution.

(14)(A) The institution, in order to participate as an eligible institution under part B of this subchapter, will develop a Default Management Plan for approval by the Secretary as part of its initial application for certification as an eligible institution and will implement such Plan for two years thereafter.

(B) Any institution of higher education which changes ownership and any eligible institution which changes its status as a parent or subordinate institution shall, in order to participate as an eligible institution under part B of this subchapter, develop a Default Management Plan for approval by the Secretary and implement such Plan for two years after its change of ownership or status.

(15) The institution acknowledges the authority of the Secretary, guaranty agencies, lenders, accrediting agencies, the Secretary of Veterans Affairs, and State review entities under subpart 1 of part G of this subchapter to share with each other any information pertaining to the institution's eligibility to participate in programs under this subchapter and part C of subchapter I of chapter 34 of title 42 or any information on fraud and abuse.

(16)(A) The institution will not knowingly employ an individual in a capacity that involves the administration of programs under this subchapter and part C of subchapter I of chapter 34 of title 42, or the receipt of program funds under this subchapter and part C of subchapter I of chapter 34 of title 42, who has been convicted of, or has pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this subchapter and part C of subchapter I of chapter 34 of title 42, or has been judicially determined to have committed fraud involving funds under this subchapter and part C of subchapter I of chapter 34 of title 42 or contract with an institution or third party servicer that has been terminated under section 1082 of this title involving the acquisition, use, or expenditure of funds under this subchapter and part C of subchapter I of chapter 34 of title 42, or who has been judicially determined to have committed fraud involving funds under this subchapter and part C of subchapter I of chapter 34 of title 42.

(B) The institution will not knowingly contract with or employ any individual, agency, or organization that has been, or whose officers or employees have been—

- (i) convicted of, or pled nolo contendere or guilty to, a crime involving the acquisition, use, or expenditure of funds under this subchapter and part C of subchapter I of chapter 34 of title 42; or

(ii) judicially determined to have committed fraud involving funds under this subchapter and part C of subchapter I of chapter 34 of title 42.

(17) The institution will complete surveys conducted as a part of the Integrated Postsecondary Education Data System (IPEDS) or any other Federal postsecondary institution data collection effort, as designated by the Secretary, in a timely manner and to the satisfaction of the Secretary.

(18)(A) With respect to any institution that offers athletically related student aid, the institution will—

(i) cause an annual compilation, independently audited not less often than every 3 years, to be prepared within 6 months after the end of its fiscal year, of—

(I) the total revenues, and the revenues from football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, derived by the institution from its intercollegiate athletics activities;

(II) the total expenses, and the expenses attributable to football, men's basketball, women's basketball, all other men's sports combined, and all other women's sports combined, made by the institution for its intercollegiate athletics activities; and

(III) the total revenues and operating expenses of the institution; and

(ii) make the reports on such compilations and, where allowable by State law, the audits, available for inspection by the Secretary and the public.

(B) For the purpose of subparagraph (A)—

(i) revenues from intercollegiate athletics activities allocable to a sport shall include without limitation gate receipts, broadcast revenues, appearance guarantees and options, concessions and advertising, but revenues such as student activities fees or alumni contributions not so allocable shall be included in the calculation of total revenues only; and

(ii) expenses for intercollegiate athletics activities allocable to a sport shall include without limitation grants-in-aid, salaries, travel, equipment, and supplies, but expenses such as general and administrative overhead not so allocable shall be included in the calculation of total expenses only.

(19) The institution will not impose any penalty, including the assessment of late fees, the denial of access to classes, libraries, or other institutional facilities, or the requirement that the student borrow additional funds, on any student because of the student's inability to meet his or her financial obligations to the institution as a result of the delayed disbursement of the proceeds of a loan made under this subchapter and part C of subchapter I of chapter 34 of title 42 due to compliance with the provisions of this subchapter and part C of subchapter I of chapter 34 of title 42, or delays attributable to the institution.

(20) The institution will not provide any commission, bonus, or other incentive pay-

ment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance, except that this paragraph shall not apply to the recruitment of foreign students residing in foreign countries who are not eligible to receive Federal student assistance.

(21) The institution will meet the requirements established by the Secretary, State postsecondary review entities, and accrediting agencies pursuant to part G of this subchapter.

(22) The institution will comply with the refund policy established pursuant to section 1091b of this title.

#### **(b) Hearings**

(1) An institution that has received written notice of a final audit or program review determination and that desires to have such determination reviewed by the Secretary shall submit to the Secretary a written request for review not later than 45 days after receipt of notification of the final audit or program review determination.

(2) The Secretary shall, upon receipt of written notice under paragraph (1), arrange for a hearing and notify the institution within 30 days of receipt of such notice the date, time, and place of such hearing. Such hearing shall take place not later than 120 days from the date upon which the Secretary notifies the institution.

#### **(c) Audits; financial responsibility; enforcement of standards**

(1) Notwithstanding any other provisions of this subchapter and part C of subchapter I of chapter 34 of title 42, the Secretary shall prescribe such regulations as may be necessary to provide for—

(A)(i) except as provided in clause (ii), a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution with regard to any funds obtained by it under this subchapter and part C of subchapter I of chapter 34 of title 42 or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this subchapter and part C of subchapter I of chapter 34 of title 42, on at least an annual basis and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary and shall be available to cognizant guaranty agencies, eligible lenders, State agencies, and the State review entities referred to in subpart 1 of part G of this subchapter; or

(ii) with regard to an eligible institution which is audited under chapter 75 of title 31, deeming such audit to satisfy the requirements of clause (i) for the period covered by such audit;

(B) in matters not governed by specific program provisions, the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student financial aid under this subchapter and part C of subchapter I of chapter 34 of title 42, including any matter the Secretary deems necessary to the sound administration of the financial aid programs, such as the pertinent actions of any owner, shareholder, or person exercising control over an eligible institution;

(C)(i) except as provided in clause (ii), a compliance audit of a third party servicer (other than with respect to the servicer's functions as a lender if such functions are otherwise audited under this part and such audits meet the requirements of this clause), with regard to any contract with an eligible institution, guaranty agency, or lender for administering or servicing any aspect of the student assistance programs under this subchapter and part C of subchapter I of chapter 34 of title 42, at least once every year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to a third party servicer that is audited under chapter 75 of title 31, such audit shall be deemed to satisfy the requirements of clause (i) for the period covered by such audit;

(D)(i) a compliance audit of a secondary market with regard to its transactions involving, and its servicing and collection of, loans made under this subchapter and part C of subchapter I of chapter 34 of title 42, at least once a year and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

(ii) with regard to a secondary market that is audited under chapter 75 of title 31, such audit shall be deemed to satisfy the requirements of clause (i) for the period covered by the audit;

(E) the establishment, by each eligible institution under part B of this subchapter responsible for furnishing to the lender the statement required by section 1078(a)(2)(A)(i) of this title, of policies and procedures by which the latest known address and enrollment status of any student who has had a loan insured under this part and who has either formally terminated his enrollment, or failed to re-enroll on at least a half-time basis, at such institution, shall be furnished either to the holder (or if unknown, the insurer) of the note, not later than 60 days after such termination or failure to re-enroll;

(F) the limitation, suspension, or termination of the participation in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 of an eligible institution, or the imposition of a civil penalty under paragraph (2)(B) whenever the Secretary has determined, after reasonable notice and opportunity for hearing, that such institution has violated or failed to carry out any provision of this subchapter and part C of subchapter I of chapter 34 of title 42, any regulation prescribed under this subchapter and part C of subchapter I of chapter 34 of title 42, or any applicable special arrangement, agreement, or limitation, except that no period of suspension under this section shall exceed 60 days unless the institution and the Secretary agree to an extension or unless limitation or termination proceedings are initiated by the Secretary within that period of time;

(G) an emergency action against an institution, under which the Secretary shall, effective on the date on which a notice and statement of the basis of the action is mailed to the institution (by registered mail, return receipt requested), withhold funds from the institution or its students and withdraw the institution's authority to obligate funds under any program under this subchapter and part C of subchapter I of chapter 34 of title 42, if the Secretary—

(i) receives information, determined by the Secretary to be reliable, that the institution is violating any provision of this subchapter and part C of subchapter I of chapter 34 of title 42, any regulation prescribed under this subchapter and part C of subchapter I of chapter 34 of title 42, or any applicable special arrangement, agreement, or limitation,

(ii) determines that immediate action is necessary to prevent misuse of Federal funds, and

(iii) determines that the likelihood of loss outweighs the importance of the procedures prescribed under subparagraph (D) for limitation, suspension, or termination,

except that an emergency action shall not exceed 30 days unless limitation, suspension, or termination proceedings are initiated by the Secretary against the institution within that period of time, and except that the Secretary shall provide the institution an opportunity to show cause, if it so requests, that the emergency action is unwarranted;

(H) the limitation, suspension, or termination of the eligibility of a third party servicer to contract with any institution to administer any aspect of an institution's student assistance program under this subchapter and part C of subchapter I of chapter 34 of title 42, or the imposition of a civil penalty under paragraph (2)(B), whenever the Secretary has determined, after reasonable notice and opportunity for a hearing, that such organization, acting on behalf of an institution, has violated or failed to carry out any provision of this subchapter and part C of subchapter I of chapter 34 of title 42, any regulation prescribed under this subchapter and part C of subchapter I of chapter 34 of title 42, or any applicable special arrangement, agreement, or limita-

tion, except that no period of suspension under this subparagraph shall exceed 60 days unless the organization and the Secretary agree to an extension, or unless limitation or termination proceedings are initiated by the Secretary against the individual or organization within that period of time; and

(I) an emergency action against a third party servicer that has contracted with an institution to administer any aspect of the institution's student assistance program under this subchapter and part C of subchapter I of chapter 34 of title 42, under which the Secretary shall, effective on the date on which a notice and statement of the basis of the action is mailed to such individual or organization (by registered mail, return receipt requested), withhold funds from the individual or organization and withdraw the individual or organization's authority to act on behalf of an institution under any program under this subchapter and part C of subchapter I of chapter 34 of title 42, if the Secretary—

(i) receives information, determined by the Secretary to be reliable, that the individual or organization, acting on behalf of an institution, is violating any provision of this subchapter and part C of subchapter I of chapter 34 of title 42, any regulation prescribed under this subchapter and part C of subchapter I of chapter 34 of title 42, or any applicable special arrangement, agreement, or limitation,

(ii) determines that immediate action is necessary to prevent misuse of Federal funds, and

(iii) determines that the likelihood of loss outweighs the importance of the procedures prescribed under subparagraph (F'), for limitation, suspension, or termination,

except that an emergency action shall not exceed 30 days unless the limitation, suspension, or termination proceedings are initiated by the Secretary against the individual or organization within that period of time, and except that the Secretary shall provide the individual or organization an opportunity to show cause, if it so requests, that the emergency action is unwarranted.

(2) If an individual who, or entity that, exercises substantial control, as determined by the Secretary in accordance with the definition of substantial control in subpart 3 of part G of this subchapter, over one or more institutions participating in any program under this subchapter and part C of subchapter I of chapter 34 of title 42, or, for purposes of paragraphs (1)(H) and (I), over one or more organizations that contract with an institution to administer any aspect of the institution's student assistance program under this subchapter and part C of subchapter I of chapter 34 of title 42, is determined to have committed one or more violations of the requirements of any program under this subchapter and part C of subchapter I of chapter 34 of title 42, or has been suspended or debarred in accordance with the regulations of the Secretary, the Secretary may use such determination, suspension, or debarment as the basis for imposing an emergency action on, or limiting,

suspending, or terminating, in a single proceeding, the participation of any or all institutions under the substantial control of that individual or entity.

(3)(A) Upon determination, after reasonable notice and opportunity for a hearing, that an eligible institution has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates, the Secretary may suspend or terminate the eligibility status for any or all programs under this subchapter and part C of subchapter I of chapter 34 of title 42 of any otherwise eligible institution, in accordance with procedures specified in paragraph (1)(D) of this subsection, until the Secretary finds that such practices have been corrected.

(B)(i) Upon determination, after reasonable notice and opportunity for a hearing, that an eligible institution—

(I) has violated or failed to carry out any provision of this subchapter and part C of subchapter I of chapter 34 of title 42 or any regulation prescribed under this subchapter and part C of subchapter I of chapter 34 of title 42; or

(II) has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, and the employability of its graduates,

the Secretary may impose a civil penalty upon such institution of not to exceed \$25,000 for each violation or misrepresentation.

(ii) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

(4) The Secretary shall publish, after consultation with each State review entity designated under subpart 1 of part G of this subchapter, a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

(5) The Secretary shall make readily available to appropriate guaranty agencies, eligible lenders, State review entities designated under subpart 1 of part G of this subchapter, and accrediting agencies or associations the results of the audits of eligible institutions conducted pursuant to paragraph (1)(A).

(6) The Secretary is authorized to provide any information collected as a result of audits conducted under this section, together with audit information collected by guaranty agencies, to any Federal or State agency having responsibilities with respect to student financial assistance, including those referred to in subsection (a)(15) of this section.

(7) Effective with respect to any audit conducted under this subsection after December 31,

1988, if, in the course of conducting any such audit, the personnel of the Department of Education discover, or are informed of, grants or other assistance provided by an institution in accordance with this subchapter and part C of subchapter I of chapter 34 of title 42 for which the institution has not received funds appropriated under this subchapter and part C of subchapter I of chapter 34 of title 42 (in the amount necessary to provide such assistance), including funds for which reimbursement was not requested prior to such discovery or information, such institution shall be permitted to offset that amount against any sums determined to be owed by the institution pursuant to such audit, or to receive reimbursement for that amount (if the institution does not owe any such sums).

**(d) "Eligible institution" defined**

For the purpose of this section, the term "eligible institution" means any such institution described in section 1088 of this title.

**(e) Construction**

Nothing in the amendments made by the Higher Education Amendments of 1992 shall be construed to prohibit an institution from recording, at the cost of the institution, a hearing referred to in subsection (b)(2), subsection (c)(1)(D), or subparagraph (A) or (B)(i) of subsection (c)(2), of this section to create a record of the hearing, except the unavailability of a recording shall not serve to delay the completion of the proceeding. The Secretary shall allow the institution to use any reasonable means, including stenographers, of recording the hearing.

(Pub. L. 89-329, title IV, §487, as added Pub. L. 99-498, title IV, §407(a), Oct. 17, 1986, 100 Stat. 1488; amended Pub. L. 101-239, title II, §§2003(c)(2), 2006(c), Dec. 19, 1989, 103 Stat. 2114, 2118; Pub. L. 101-542, title II, §205, Nov. 8, 1990, 104 Stat. 2387; Pub. L. 102-26, §2(c)(3), Apr. 9, 1991, 105 Stat. 124; Pub. L. 102-325, title IV, §490, July 23, 1992, 106 Stat. 625; Pub. L. 103-208, §2(h)(42), (43), Dec. 20, 1993, 107 Stat. 2478.)

**REFERENCES IN TEXT**

The Higher Education Amendments of 1992, referred to in subsec. (e), is Pub. L. 102-325, July 23, 1992, 106 Stat. 448. For complete classification of this Act to the Code, see Short Title of 1992 Amendment note set out under section 1001 of this title and Tables.

**PRIOR PROVISIONS**

A prior section 1094, Pub. L. 89-329, title IV, §487, as added Pub. L. 96-374, title IV, §451(a), Oct. 3, 1980, 94 Stat. 1451; amended Pub. L. 99-272, title XVI, §16034, Apr. 7, 1986, 100 Stat. 356, related to program participation agreements, prior to the general revision of this part by Pub. L. 99-498.

**AMENDMENTS**

1993—Subsec. (a)(2). Pub. L. 103-208, §2(h)(42), struck out "or for completing or handling the Federal Student Assistance Report" after "amount of such assistance".

Subsec. (c)(1)(F). Pub. L. 103-208, §2(h)(43), substituted "participation in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 of an eligible institution," for "eligibility for any program under this subchapter and part C of subchapter I of chapter 34 of title 42 of any otherwise eligible institution".

1992—Subsec. (a). Pub. L. 102-325, §490(f)(1), substituted "subpart 4" for "subpart 3".

Subsec. (a)(2). Pub. L. 102-325, §490(f)(2), struck out "provided for in section 1090(e) of this title" after "Report".

Subsec. (a)(3). Pub. L. 102-325, §490(a)(1), inserted before period at end "together with assurances that the institution will provide, upon request and in a timely fashion, information relating to the administrative capability and financial responsibility of the institution to—" and added subpars. (A) to (D).

Subsec. (a)(8). Pub. L. 102-325, §490(a)(2), substituted "application (A)" for "application," inserted "and" after "advertisements", and added subpar. (B).

Subsec. (a)(13) to (22). Pub. L. 102-325, §490(a)(3), added pars. (13) to (22).

Subsec. (b)(2). Pub. L. 102-325, §490(b)(1), struck out "on the record" after "for a hearing".

Subsec. (c)(1). Pub. L. 102-325, §490(b)(2)(A), substituted "shall" for "is authorized to" in introductory provisions.

Subsec. (c)(1)(A)(i). Pub. L. 102-325, §490(c), substituted "a financial audit of an eligible institution with regard to the financial condition of the institution in its entirety, and a compliance audit of such institution" for "a financial and compliance audit of an eligible institution," and "on at least an annual basis" for "at least once every 2 years" and inserted "and shall be available to cognizant guaranty agencies, eligible lenders, State agencies, and the State review entities referred to in subpart 1 of part G of this subchapter" after "submitted to the Secretary".

Subsec. (c)(1)(B). Pub. L. 102-325, §490(d)(1), inserted before semicolon at end "including any matter the Secretary deems necessary to the sound administration of the financial aid programs, such as the pertinent actions of any owner, shareholder, or person exercising control over an eligible institution".

Subsec. (c)(1)(C). Pub. L. 102-325, §490(d)(3), added subpar. (C). Former subpar. (C) redesignated (E).

Subsec. (c)(1)(D). Pub. L. 102-325, §490(d)(3), added subpar. (D). Former subpar. (D) redesignated (F).

Pub. L. 102-325, §490(b)(2)(B), struck out "on the record" after "opportunity for hearing".

Subsec. (c)(1)(E). Pub. L. 102-325, §490(d)(2), redesignated subpar. (C) as (E). Former subpar. (E) redesignated (G).

Subsec. (c)(1)(F). Pub. L. 102-325, §490(d)(2), redesignated subpar. (D) as (F). Former subpar. (F) redesignated (H).

Pub. L. 102-325, §490(b)(2)(C), struck out "on the record" after "opportunity for a hearing".

Subsec. (c)(1)(G). Pub. L. 102-325, §490(d)(2), redesignated subpar. (E) as (G). Former subpar. (G) redesignated (I).

Subsec. (c)(1)(H). Pub. L. 102-325, §490(d)(2), (4), redesignated subpar. (F) as (H) and substituted "a third party servicer" for "an individual or an organization".

Subsec. (c)(1)(I). Pub. L. 102-325, §490(d)(2), (5), redesignated subpar. (G) as (I) and substituted "a third party servicer" for "an individual or an organization".

Subsec. (c)(2). Pub. L. 102-325, §490(d)(8), added par. (2). Former par. (2) redesignated (3).

Pub. L. 102-325, §490(b)(2)(D), struck out "on the record" after "opportunity for a hearing" in subpars. (A) and (B)(i).

Subsec. (c)(3). Pub. L. 102-325, §490(d)(7), redesignated par. (2) as (3). Former par. (3) redesignated (4).

Pub. L. 102-325, §490(d)(6), inserted "after consultation with each State review entity designated under subpart 1 of part G of this subchapter," after "shall publish".

Subsec. (c)(4). Pub. L. 102-325, §490(d)(7), redesignated par. (3) as (4).

Subsec. (c)(5) to (7). Pub. L. 102-325, §490(d)(9), added pars. (5) to (7).

Subsec. (d). Pub. L. 102-325, §490(f)(3), substituted "section 1088" for "section 1085(a)".

Subsec. (e). Pub. L. 102-325, §490(e), added subsec. (e). 1991—Subsec. (a)(11). Pub. L. 102-26 substituted "whose students receive financial assistance pursuant to section 1091(d) of this title," for "which admits stu-

dents on the basis of their ability to benefit from the education or training provided by such institution (as determined under section 1091(d) of this title),”.

1990—Subsec. (a)(12). Pub. L. 101-542 added par. (12).

1989—Subsec. (a)(11). Pub. L. 101-239, §2003(c)(2), added par. (11).

Subsec. (c)(1)(D). Pub. L. 101-239, §2006(c)(2), substituted “, any regulation” for “or any regulation” and inserted “or any applicable special arrangement, agreement, or limitation,”.

Subsec. (c)(1)(E) to (G). Pub. L. 101-239, §2006(c)(3), added subpars. (E) to (G).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by Pub. L. 102-26 applicable to any grant, loan, or work assistance to cover the cost of instruction for periods of enrollment beginning on or after July 1, 1991, see section 2(d)(1) of Pub. L. 102-26, set out as a note under section 1085 of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 2003(c)(3) of Pub. L. 101-239 provided that: “The amendments made by this subsection [amending this section and section 1078-1 of this title] shall apply with respect to periods of enrollment beginning on or after January 1, 1990.”

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Subsec. (a)(10) of this section applicable only to periods of enrollment beginning on or after July 1, 1987, see section 407(b) of Pub. L. 99-498, set out as a note under section 1091 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070a-15, 1070b-2, 1087c, 1087nn, 1087oo, 1087pp, 1087qq, 1091, 1096, 1099a-3, 1099c of this title; title 42 section 12604.

### § 1094a. Quality assurance program

#### (a) In general

The Secretary is authorized to select institutions for voluntary participation in a Quality Assurance Program that provides participating institutions with an alternative management approach through which individual schools develop and implement their own comprehensive systems to verify student financial aid application data, thereby enhancing program integrity within the student aid delivery system. The Quality Assurance Program authorized by this section shall be based on criteria that include demonstrated institutional performance, as determined by the Secretary, and shall take into consideration current quality assurance goals, as determined by the Secretary.

#### (b) Exemption from requirements

The Secretary is authorized to exempt any institution participating in the Quality Assurance Program from any reporting or verification requirements in this subchapter and part C of subchapter I of chapter 34 of title 42, and may substitute such quality assurance reporting as the Secretary deems necessary to ensure accountability and compliance with the purposes of the

programs under this subchapter and part C of subchapter I of chapter 34 of title 42.

#### (c) Removal from program

The Secretary is authorized to determine—

(1) when an institution that is unable to administer the Quality Assurance Program must be removed from such program, and

(2) when institutions desiring to cease participation in such program will be required to complete the current award year under the requirements of the Quality Assurance Program.

#### (d) Experimental sites

(1) The Secretary is authorized to select institutions for voluntary participation as experimental sites to provide recommendations to the Secretary on the impact and effectiveness of proposed regulations or new management initiatives.

(2) The Secretary is authorized to exempt any institution participating as an experimental site from any requirements in this subchapter and part C of subchapter I of chapter 34 of title 42, or in regulations prescribed under this subchapter and part C of subchapter I of chapter 34 of title 42, that would bias experimental results.

#### (e) “Current award year” defined

For purposes of this section, “current award year” is defined as the award year during which the participating institution indicates its intention to cease participation.

(Pub. L. 89-329, title IV, §487A, as added Pub. L. 102-325, title IV, §491, July 23, 1992, 106 Stat. 629.)

### § 1094b. Assignment of identification numbers

The Secretary shall assign to each participant in title IV programs, including institutions, lenders, and guaranty agencies, a single Department of Education identification number to be used to identify its participation in each of the title IV programs.

(Pub. L. 89-329, title IV, §487B, as added Pub. L. 102-325, title IV, §491, July 23, 1992, 106 Stat. 630.)

#### REFERENCES IN TEXT

Title IV, referred to in text, means title IV of Pub. L. 89-329, as added by Pub. L. 99-498, which is classified generally to this subchapter and part C of subchapter I of chapter 34 of Title 42, The Public Health and Welfare.

### § 1095. Transfer of allotments

In order to offer an arrangement of types of aid, including institutional and State aid which best fits the needs of each individual student, an institution may (1) transfer a total of 25 percent of the institutions allotment under section 1087bb of this title to the institution's allotment under section 1070b-3 of this title or section 2752 of title 42 (or both); and (2) transfer 25 percent of the institution's allotment under section 2752 of title 42 to the institution's allotment under section 1070b-3 of this title. Funds transferred to an institution's allotment under another section may be used as a part of and for the same purposes as funds allotted under that section. The Secretary shall have no control over such transfer, except as specifically authorized, except for the collection and dissemination of information.

(Pub. L. 89-329, title IV, § 488, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1490; amended Pub. L. 100-50, § 15(14), June 3, 1987, 101 Stat. 357; Pub. L. 102-325, title IV, § 492, July 23, 1992, 106 Stat. 630.)

#### PRIOR PROVISIONS

A prior section 1095, Pub. L. 89-329, title IV, § 488, as added Pub. L. 96-374, title IV, § 451(a), Oct. 3, 1980, 94 Stat. 1452, related to transfer of allotments, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1992—Pub. L. 102-325 inserted first two sentences and struck out former first sentence which read as follows: “Up to 10 percent of the allotment of an eligible institution for a fiscal year under section 1070b-3 of this title or 2752 of title 42, may be transferred to, and used for the purposes of, the institution’s allotment under the other section within the discretion of such institution in order to offer an arrangement of types of aid, including institutional and State aid, which best fits the needs of each individual student.”

1987—Pub. L. 100-50 substituted “section 2752 of title 42” for “section 2756 of title 42”.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 to this section, relating to transfers of allotments, applicable with respect to funds provided for award years beginning on or after July 1, 1993, see section 498 of Pub. L. 102-325, set out as a note under section 1088 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in title 42 section 2753.

### § 1095a. Wage garnishment requirement

#### (a) Garnishment requirements

Notwithstanding any provision of State law, a guaranty agency, or the Secretary in the case of loans made, insured or guaranteed under this subchapter and part C of subchapter I of chapter 34 of title 42 that are held by the Secretary, may garnish the disposable pay of an individual to collect the amount owed by the individual, if he or she is not currently making required repayment under a repayment agreement with the Secretary, or, in the case of a loan guaranteed under part B of this subchapter on which the guaranty agency received reimbursement from the Secretary under section 1078(c) of this title, with the guaranty agency holding the loan, as appropriate, provided that—

(1) the amount deducted for any pay period may not exceed 10 percent of disposable pay, except that a greater percentage may be deducted with the written consent of the individual involved;

(2) the individual shall be provided written notice, sent by mail to the individual’s last known address, a minimum of 30 days prior to the initiation of proceedings, from the guaranty agency or the Secretary, as appropriate, informing such individual of the nature and amount of the loan obligation to be collected, the intention of the guaranty agency or the Secretary, as appropriate, to initiate proceed-

ings to collect the debt through deductions from pay, and an explanation of the rights of the individual under this section;

(3) the individual shall be provided an opportunity to inspect and copy records relating to the debt;

(4) the individual shall be provided an opportunity to enter into a written agreement with the guaranty agency or the Secretary, under terms agreeable to the Secretary, or the head of the guaranty agency or his designee, as appropriate, to establish a schedule for the repayment of the debt;

(5) the individual shall be provided an opportunity for a hearing in accordance with subsection (b) of this section on the determination of the Secretary or the guaranty agency, as appropriate, concerning the existence or the amount of the debt, and, in the case of an individual whose repayment schedule is established other than by a written agreement pursuant to paragraph (4), concerning the terms of the repayment schedule;

(6) the employer shall pay to the Secretary or the guaranty agency as directed in the withholding order issued in this action, and shall be liable for, and the Secretary or the guaranty agency, as appropriate, may sue the employer in a State or Federal court of competent jurisdiction to recover, any amount that such employer fails to withhold from wages due an employee following receipt of such employer of notice of the withholding order, plus attorneys’ fees, costs, and, in the court’s discretion, punitive damages, but such employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this paragraph;

(7) if an individual has been reemployed within 12 months after having been involuntarily separated from employment, no amount may be deducted from the disposable pay of such individual until such individual has been reemployed continuously for at least 12 months; and

(8) an employer may not discharge from employment, refuse to employ, or take disciplinary action against an individual subject to wage withholding in accordance with this section by reason of the fact that the individual’s wages have been subject to garnishment under this section, and such individual may sue in a State or Federal court of competent jurisdiction any employer who takes such action. The court shall award attorneys’ fees to a prevailing employee and, in its discretion, may order reinstatement of the individual, award punitive damages and back pay to the employee, or order such other remedy as may be reasonably necessary.

#### (b) Hearing requirements

A hearing described in subsection (a)(5) of this section shall be provided prior to issuance of a garnishment order if the individual, on or before the 15th day following the mailing of the notice described in subsection (a)(2) of this section, and in accordance with such procedures as the Secretary or the head of the guaranty agency, as appropriate, may prescribe, files a petition requesting such a hearing. If the individual does



not file a petition requesting a hearing prior to such date, the Secretary or the guaranty agency, as appropriate, shall provide the individual a hearing under subsection (a)(5) of this section upon request, but such hearing need not be provided prior to issuance of a garnishment order. A hearing under subsection (a)(5) of this section may not be conducted by an individual under the supervision or control of the head of the guaranty agency, except that nothing in this sentence shall be construed to prohibit the appointment of an administrative law judge. The hearing official shall issue a final decision at the earliest practicable date, but not later than 60 days after the filing of the petition requesting the hearing.

**(c) Notice requirements**

The notice to the employer of the withholding order shall contain only such information as may be necessary for the employer to comply with the withholding order.

**(d) "Disposable pay" defined**

For the purpose of this section, the term "disposable pay" means that part of the compensation of any individual from an employer remaining after the deduction of any amounts required by law to be withheld.

(Pub. L. 89-329, title IV, § 488A, as added Pub. L. 102-164, title VI, § 605(a), Nov. 15, 1991, 105 Stat. 1066.)

**§ 1096. Administrative expenses**

**(a) Amount of payments**

From the sums appropriated for any fiscal year for the purpose of the program authorized under subpart 1 of part A of this subchapter, the Secretary shall reserve such sums as may be necessary to pay to each institution with which he has an agreement under section 1094 of this title, an amount equal to \$5 for each student at that institution who receives assistance under subpart 1 of part A of this subchapter. In addition, an institution which has entered into an agreement with the Secretary under subpart 3 of part A of this subchapter or part C of subchapter I of chapter 34 of title 42, or under part D of this subchapter shall be entitled for each fiscal year which such institution disburses funds to eligible students under any such part to a payment for the purpose set forth in subsection (b) of this section. The payment for a fiscal year shall be payable from each such allotment by payment in accordance with regulations of the Secretary and shall be equal to 5 percent of the institution's first \$2,750,000 of expenditures plus 4 percent of the institution's expenditures greater than \$2,750,000 and less than \$5,500,000, plus 3 percent of the institution's expenditures in excess of \$5,500,000 during the fiscal year from the sum of its grants to students under subpart 3 of part A of this subchapter, its expenditures during such fiscal year under part C of subchapter I of chapter 34 of title 42 for compensation of students, and the principal amount of loans made during such fiscal year from its student loan fund established under part D of this subchapter, excluding the principal amount of any such loans which the institution has agreed to assign under section 1087cc(a)(6)(B) of this title. In ad-

dition, the Secretary shall provide for payment to each institution of higher education an amount equal to 100 percent of the costs incurred by the institution in implementing and operating the immigration status verification system under section 1091(h)<sup>1</sup> of this title.

**(b) Purpose of payments**

(1) The sums paid to institutions under this part are for the sole purpose of offsetting the administrative costs of the programs described in subsection (a) of this section.

(2) If the institution enrolls a significant number of students who are (A) attending the institution less than full time, or (B) independent students, the institution shall use a reasonable proportion of the funds available under this section for financial aid services during times and in places that will most effectively accommodate the needs of such students.

(Pub. L. 89-329, title IV, § 489, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1491; amended Pub. L. 99-603, title I, § 121(b)(7), Nov. 6, 1986, 100 Stat. 3391; Pub. L. 100-50, § 15(15), June 3, 1987, 101 Stat. 357; Pub. L. 102-325, title IV, §§ 446(c), 493, July 23, 1992, 106 Stat. 567, 630; Pub. L. 103-208, § 2(h)(44), (k)(6), Dec. 20, 1993, 107 Stat. 2478, 2486.)

REFERENCES IN TEXT

Section 1091(h) of this title, referred to in subsec. (a), was redesignated section 1091(g) by Pub. L. 103-208, § 2(h)(25), Dec. 20, 1993, 107 Stat. 2477.

PRIOR PROVISIONS

A prior section 1096, Pub. L. 89-329, title IV, § 489, as added Pub. L. 96-374, title IV, § 451(a), Oct. 3, 1980, 94 Stat. 1453; amended Pub. L. 97-35, title V, § 537(a)(2), Aug. 13, 1981, 95 Stat. 456, related to administrative expenses, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208, § 2(k)(6), repealed Pub. L. 102-325, § 446(c). See 1992 Amendment note below.

Pub. L. 103-208, § 2(h)(44), substituted "1091(h) of this title" for "1091(c) of this title".

1992—Subsec. (a). Pub. L. 102-325, § 493(a)(3), substituted "subpart 3" for "subpart 2" in two places.

Pub. L. 102-325, § 493(a)(1), (2), struck out "(other than section 2756a of title 42)" before "or under part D" in second sentence and struck out fourth sentence which read as follows: "The payment for a fiscal year for the purpose of subsection (b) of this section with respect to section 2756a of title 42 shall be payable from each allotment under part C of subchapter I of chapter 34 of title 42 in accordance with regulations of the Secretary, and shall be 10 percent of the institution's expenditures during such fiscal year under such section."

Pub. L. 102-325, § 446(c), which directed amendment identical to amendment by Pub. L. 102-325, § 493(a)(1), (2), above, was repealed by Pub. L. 103-208, § 2(k)(6).

Subsec. (b). Pub. L. 102-325, § 493(b), designated existing provisions as par. (1) and added par. (2).

1987—Subsec. (a). Pub. L. 100-50 made technical amendment to reference to section 2756a of title 42 to correct reference to corresponding section of original Act, requiring no change in text.

1986—Subsec. (a). Pub. L. 99-603 inserted provision directing the Secretary to pay the costs incurred by institutions of higher education in implementing and operating the immigration status verification system under section 1091(c) of this title.

<sup>1</sup> See References in Text note below.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by section 446(c) of Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

Amendment by section 493 of Pub. L. 102-325, relating to payments for administrative expenses, applicable with respect to funds provided for award years beginning on or after July 1, 1993, see section 498(7) of Pub. L. 102-325, set out as a note under section 1088 of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

## EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-603 effective Oct. 1, 1987, see section 121(c)(2) of Pub. L. 99-603, set out as a note under section 502 of Title 42, The Public Health and Welfare.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1070b-2, 1087cc of this title; title 42 sections 2753, 2756a.

**§ 1096a. Repealed. Pub. L. 102-325, title IV, § 494, July 23, 1992, 106 Stat. 631**

Section, Pub. L. 89-329, title IV, § 489A, as added Pub. L. 102-164, title VI, § 606, Nov. 15, 1991, 105 Stat. 1068, related to data matching.

**§ 1097. Criminal penalties**

**(a) In general**

Any person who knowingly and willfully embezzles, misapplies, steals, obtains by fraud, false statement, or forgery, or fails to refund any funds, assets, or property provided or insured under this subchapter and part C of subchapter I of chapter 34 of title 42 or attempts to so embezzle, misapply, steal, obtain by fraud, false statement or forgery, or fail to refund any funds, assets, or property, shall be fined not more than \$20,000 or imprisoned for not more than 5 years, or both, except if the amount so embezzled, misapplied, stolen, obtained by fraud, false statement, or forgery, or failed to be refunded does not exceed \$200, then the fine shall not be more than \$5,000 and imprisonment shall not exceed one year, or both.

**(b) Assignment of loans**

Any person who knowingly and willfully makes any false statement, furnishes any false information, or conceals any material information in connection with the assignment of a loan which is made or insured under this subchapter and part C of subchapter I of chapter 34 of title 42 or attempts to so make any false statement, furnish any false information, or conceal any material information in connection with such assignment shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than one year, or both.

**(c) Inducements to lend or assign**

Any person who knowingly and willfully makes an unlawful payment to an eligible lend-

er under part B of this subchapter or attempts to make such unlawful payment as an inducement to make, or to acquire by assignment, a loan insured under such part shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned for not more than one year, or both.

**(d) Obstruction of justice**

Any person who knowingly and willfully destroys or conceals any record relating to the provision of assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 or attempts to so destroy or conceal with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under this part, shall upon conviction thereof, be fined not more than \$20,000 or imprisoned not more than 5 years, or both.

(Pub. L. 89-329, title IV, § 490, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1491; amended Pub. L. 102-325, title IV, § 495, July 23, 1992, 106 Stat. 631.)

## PRIOR PROVISIONS

A prior section 1097, Pub. L. 89-329, title IV, § 490, as added Pub. L. 96-374, title IV, § 451(a), Oct. 3, 1980, 94 Stat. 1453, related to criminal penalties, prior to the general revision of this part by Pub. L. 99-498.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally, inserting provisions relating to attempted offenses, wherever appearing, and in subsec. (a) inserting provisions relating to failure to refund and substituting provisions relating to \$20,000 and \$5,000 fines for provisions relating to \$10,000 and \$1,000 fines, respectively, in subsec. (b) substituting provisions relating to \$10,000 fines for provisions relating to \$1,000 fines, in subsec. (c) substituting provisions relating to \$10,000 fines for provisions relating to \$1,000 fines, and in subsec. (d) substituting provisions relating to \$20,000 fines for provisions relating to \$10,000 fines.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1072 of this title.

**§ 1098. Advisory Committee on Student Financial Assistance**

**(a) Establishment and purpose**

(1) There is established in the Department an independent Advisory Committee on Student Financial Assistance (hereafter in this section referred to as the “Advisory Committee”) which shall provide advice and counsel to the Congress and to the Secretary on student financial aid matters.

(2) The purpose of the Advisory Committee is—

(A) to provide extensive knowledge and understanding of the Federal, State, and institutional programs of postsecondary student assistance;

(B) to provide technical expertise with regard to systems of needs analysis and application forms; and

(C) to make recommendations that will result in the maintenance of access to postsecondary education for low- and middle-income students.

**(b) Independence of Advisory Committee**

In the exercise of its functions, powers, and duties, the Advisory Committee shall be inde-

pendent of the Secretary and the other offices and officers of the Department. Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee's administration and management shall be subject to the usual and customary Federal audit procedures. The recommendations of the Committee shall not be subject to review or approval by any officer in the executive branch, but may be submitted to the Secretary for comment prior to submission to the Congress in accordance with subsection (f) of this section. The Secretary's authority to terminate advisory committees of the Department pursuant to section 1233g(b)<sup>1</sup> of this title ceased to be effective on June 23, 1983.

**(c) Membership**

(1) The Advisory Committee shall have 11 members of which—

(A) 3 members shall be appointed by the President pro tempore of the Senate upon the recommendation of the Majority Leader and the Minority Leader,

(B) 3 members shall be appointed by the Speaker of the House of Representatives upon the recommendation of the Majority Leader and the Minority Leader, and

(C) 5 members shall be appointed by the Secretary including, but not limited to representatives of States, institutions of higher education, secondary schools, credit institutions, students, and parents.

(2) Not less than 7 members of the Advisory Committee shall be individuals who have been appointed on the basis of technical qualifications, professional standing and demonstrated knowledge in the fields of higher education and student aid administration, need analysis, financing postsecondary education, student aid delivery, and the operations and financing of student loan guarantee agencies.

**(d) Functions of the Committee**

The Advisory Committee shall—

(1) develop, review, and comment annually upon the system of needs analysis established under part E of this subchapter;

(2) monitor, apprise, and evaluate the effectiveness of student aid delivery and recommend improvements;

(3) recommend data collection needs and student information requirements which would improve access and choice for eligible students under this subchapter and part C of subchapter I of chapter 34 of title 42 and assist the Department of Education in improving the delivery of student aid;

(4) assess the impact of legislative and administrative policy proposals;

(5) review and comment upon, prior to promulgation, all regulations affecting programs under this subchapter and part C of subchapter I of chapter 34 of title 42, including proposed regulations;

(6) recommend to the Congress and to the Secretary such studies, surveys, and analyses of student financial assistance programs, policies, and practices, including the special needs of low-income, disadvantaged, and nontraditional students, and the means by which the needs may be met, but nothing in this section shall authorize the committee to perform such studies, surveys, or analyses;

(7) review and comment upon standards by which financial need is measured in determining eligibility for Federal student assistance programs;

(8) appraise the adequacies and deficiencies of current student financial aid information resources and services and evaluate the effectiveness of current student aid information programs; and

(9) make special efforts to advise Members of Congress and such Members' staff of the findings and recommendations made pursuant to this paragraph.

**(e) Operations of the Committee**

(1) Each member of the Advisory Committee shall be appointed for a term of 3 years, except that, of the members first appointed—

(A) 4 shall be appointed for a term of 1 year;

(B) 4 shall be appointed for a term of 2 years; and

(C) 3 shall be appointed for a term of 3 years, as designated at the time of appointment by the Secretary.

(2) Any member appointed to fill a vacancy occurring prior to the expiration of the term of a predecessor shall be appointed only for the remainder of such term. A member of the Advisory Committee shall, upon request, continue to serve after the expiration of a term until a successor has been appointed. A member of the Advisory Committee may be reappointed to successive terms on the Advisory Committee.

(3) The Advisory Committee shall elect a Chairman and a Vice Chairman from among its members.

(4) Six members of the Advisory Committee shall constitute a quorum.

(5) The Advisory Committee shall meet at the call of the Chairman or a majority of its members.

**(f) Submission to Department for comment**

The Advisory Committee may submit its proposed recommendations to the Department of Education for comment for a period not to exceed 30 days in each instance.

**(g) Compensation and expenses**

(1) Members of the Advisory Committee who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, for persons in the Government service employed intermittently.

(2) Members of the Advisory Committee who are not officers or full-time employees of the United States may each receive reimbursement for travel expenses incident to attending Advisory Committee meetings, including per diem in

<sup>1</sup> See References in Text note below.

lieu of subsistence, as authorized by section 5703 of title 5, for persons in the Government service employed intermittently.

**(h) Personnel and resources**

(1) The Advisory Committee may appoint such personnel as may be necessary by the Chairman without regard to the provisions of title 5 governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS-18 of the General Schedule.

(2) In carrying out its duties under this chapter, the Advisory Committee shall consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible.

(3)(A) The Advisory Committee is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Advisory Committee, upon request made by the Chairman.

(B) The Advisory Committee may enter into contracts for the acquisition of information, suggestions, estimates, and statistics for the purpose of this section.

(4) The Advisory Committee is authorized to obtain the services of experts and consultants without regard to section 3109 of title 5 and to set pay in accordance with such section.

(5) The head of each Federal agency shall, to the extent not prohibited by law, cooperate with the Advisory Committee in carrying out this section.

(6) The Advisory Committee is authorized to utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local, and private agencies with or without reimbursement.

**(i) Availability of funds**

In each fiscal year not less than \$750,000, shall be available from the amount appropriated for each such fiscal year from salaries and expenses of the Department for the costs of carrying out the provisions of this section.

**(j) Special analyses and activities**

The committee shall—

(1) monitor and evaluate the program modifications resulting from the enactment of the Higher Education Amendments of 1992, especially as such amendments relate to the need analysis;

(2) monitor and evaluate the implementation, pursuant to section 1090 of this title, of a Free Application for Federal Student Aid and the process for determining eligibility and awards for programs under this subchapter and part C of subchapter I of chapter 34 of title 42, including a simplified reapplication process;

(3) assess the adequacy of current methods for disseminating information about programs under this subchapter and part C of subchapter I of chapter 34 of title 42 and recommend improvements, as appropriate, regarding early needs assessment and information for first-year high school students; and

(4) assess the adequacy of methods of monitoring student debt burden.

**(k) Term of Committee**

Notwithstanding the sunset and charter provisions of the Federal Advisory Committee Act or any other statute or regulation, the Advisory Committee shall be authorized until October 1, 1998.

**(l) Student loan program simplification study**

(1) The Advisory Committee shall conduct a thorough study of means of simplifying all aspects of the loan programs under part B of this subchapter. In carrying out the study, the Advisory Committee shall examine, at a minimum—

(A) reduction of paperwork burdens experienced by financial aid administrators resulting from the current structure of such loan programs;

(B) promotion of simplification and standardization of forms, procedures, and all other aspects of guaranty agency operations for the purpose of facilitating data exchanges with such agencies (including the National Student Loan Database) and facilitating Department of Education oversight;

(C) simplification of the repayment process to minimize borrower confusion, including encouragement of single holder ownership of all of an individual's loans;

(D) encouragement of efficient utilization of loan programs to minimize multiple program borrowing in postsecondary education; and

(E) other proposals which are designed to reduce the administrative burdens on, and paperwork required of, students, educational institutions, guaranty agencies, lenders, secondary markets, and the Secretary submitted in response to a general solicitation by the Advisory Committee.

(2) The Advisory Committee shall consult with the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate in carrying out the study required by this subsection.

(3) The Advisory Committee shall, not later than 1 year after July 23, 1992, prepare and submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report on the study required by this subsection.

(Pub. L. 89-329, title IV, § 491, as added Pub. L. 99-498, title IV, § 407(a), Oct. 17, 1986, 100 Stat. 1492; amended Pub. L. 100-50, § 15(16)-(18), June 3, 1987, 101 Stat. 357; Pub. L. 102-325, title IV, § 496, July 23, 1992, 106 Stat. 631; Pub. L. 103-208, § 2(h)(45), (46), Dec. 20, 1993, 107 Stat. 2478.)

REFERENCES IN TEXT

Section 1233g of this title, referred to in subsec. (b), was repealed by Pub. L. 103-382, title II, § 212(a)(2), Oct. 20, 1994, 108 Stat. 3913.

The provisions of title 5 governing appointments in the competitive service, referred to in subsec. (h)(1), are classified to section 3301 et seq. of Title 5, Government Organization and Employees.

This chapter, referred to in subsec. (h)(2), was in the original “the Act”, meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

The Higher Education Amendments of 1992, referred to in subsec. (j)(1), is Pub. L. 102-325, July 23, 1992, 106 Stat. 448. For complete classification of this Act to the Code, see Short Title of 1992 Amendment note set out under section 1001 of this title and Tables.

The Federal Advisory Committee Act, referred to in subsec. (k), is Pub. L. 92-463, Oct. 6, 1972, 86 Stat. 770, as amended, which is set out in the Appendix to Title 5, Government Organization and Employees.

#### CODIFICATION

July 23, 1992, referred to in subsec. (l)(3), was in the original “the date of enactment of this Act”, which was translated as meaning the date of enactment of Pub. L. 102-325, which added subsec. (l), to reflect the probable intent of Congress.

#### PRIOR PROVISIONS

A prior section 1098, Pub. L. 89-329, title IV, §491, as added Pub. L. 96-374, title IV, §451(a), Oct. 3, 1980, 94 Stat. 1454; amended Pub. L. 98-79, §11, Aug. 15, 1983, 97 Stat. 484, related to a National Commission on Student Financial Assistance, prior to the general revision of this part by Pub. L. 99-498.

#### AMENDMENTS

1993—Subsec. (d)(1). Pub. L. 103-208, §2(h)(45), struck out “sections 1070a-1 through 1070a-5 of this title and” after “established under”.

Subsec. (h)(1). Pub. L. 103-208, §2(h)(46), substituted “subchapter III” for “subtitle III” before “of chapter 53 of such title”.

1992—Subsec. (b). Pub. L. 102-325, §496(a), inserted after first sentence “Notwithstanding Department of Education policies and regulations, the Advisory Committee shall exert independent control of its budget allocations and expenditures, personnel decisions and processes, procurements, and other administrative and management functions. The Advisory Committee’s administration and management shall be subject to the usual and customary Federal audit procedures.”

Subsec. (d)(3). Pub. L. 102-325, §496(b)(1), struck out “and in assessing the impact of legislative and administrative policy proposals” after “student aid”.

Subsec. (d)(4) to (9). Pub. L. 102-325, §496(b)(2)–(6), added par. (4), redesignated former pars. (4) to (7) as (5) to (8), respectively, and added par. (9).

Subsec. (h)(4). Pub. L. 102-325, §496(c), substituted “without regard to” for “in accordance with” and inserted before period at end “and to set pay in accordance with such section”.

Subsec. (i). Pub. L. 102-325, §496(d), substituted “\$750,000” for “\$500,000”.

Subsecs. (j) to (l). Pub. L. 102-325, §496(e), added subsecs. (j) to (l) and struck out former subsec. (j), which related to special institutional lender study.

1987—Subsec. (b). Pub. L. 100-50, §15(16), inserted at end “The Secretary’s authority to terminate advisory committees of the Department pursuant to section 1233g(b) of this title ceased to be effective on June 23, 1983.”

Subsec. (i). Pub. L. 100-50, §15(17), substituted “In each fiscal year not less than \$500,000” for “An amount, not to exceed \$500,000 in any fiscal year”.

Subsec. (j). Pub. L. 100-50, §15(18), added subsec. (j).

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Eco-

nomic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### REFERENCES IN OTHER LAWS TO GS-16, 17, OR 18 PAY RATES

References in laws to the rates of pay for GS-16, 17, or 18, or to maximum rates of pay under the General Schedule, to be considered references to rates payable under specified sections of Title 5, Government Organization and Employees, see section 529 [title I, §101(c)(1)] of Pub. L. 101-509, set out in a note under section 5376 of Title 5.

### § 1098a. Regional meetings and negotiated rule-making

#### (a) Meetings

##### (1) In general

The Secretary shall convene regional meetings to obtain public involvement in the development of proposed regulations for parts B, F, and G of this subchapter. Such meetings shall include individuals and representatives of the groups involved in student financial assistance programs under this subchapter and part C of subchapter I of chapter 34 of title 42, such as students, legal assistance organizations that represent students, institutions of higher education, guaranty agencies, lenders, secondary markets, loan servicers, guaranty agency servicers, and collection agencies.

##### (2) Issues

During such meetings, the Secretary shall provide for a comprehensive discussion and exchange of information concerning the implementation of parts B, F, and G of this subchapter, as amended by the Higher Education Amendments of 1992. The Secretary shall take into account the information received at such meetings in the development of proposed regulations and shall publish a summary of such information in the Federal Register together with such proposed regulations.

#### (b) Draft regulations

After holding regional meetings and before publishing proposed regulations in the Federal Register, the Secretary shall prepare draft regulations implementing parts B, F, and G of this subchapter as amended by the Higher Education Amendments of 1992 and shall submit such regulations to a negotiated rulemaking process. The Secretary shall follow the guidance provided in sections 305.82-4 and 305.85-5 of chapter 1, Code of Federal Regulations, and any successor recommendation, regulation, or law. Participants in the negotiations process shall be chosen by the Secretary from individuals nominated by groups participating in the regional meetings

described in subsection (a)(1) of this section, and shall include both representatives of such groups from Washington, D.C., and industry participants. To the extent possible, the Secretary shall select individuals reflecting the diversity in the industry, representing both large and small participants, as well as individuals serving local areas and national markets. The negotiation process shall be conducted in a timely manner in order that the final regulations may be issued by the Secretary within the 240-day period described in section 1232(g)<sup>1</sup> of this title.

**(c) Applicability of Federal Advisory Committee Act**

The Federal Advisory Committee Act shall not apply to activities carried out under this section.

**(d) Authorization of appropriations**

There are authorized to be appropriated in any fiscal year or made available from funds appropriated to carry out this part in any fiscal year such sums as may be necessary to carry out the provisions of this section, except that if no funds are appropriated pursuant to this subsection, the Secretary shall make funds available to carry out this section from amounts appropriated for the operations and expenses of the Department of Education.

(Pub. L. 89-329, title IV, § 492, as added Pub. L. 102-325, title IV, § 497, July 23, 1992, 106 Stat. 633.)

**REFERENCES IN TEXT**

The Higher Education Amendments of 1992, referred to in subsecs. (a)(2) and (b), is Pub. L. 102-325, July 23, 1992, 106 Stat. 448. For complete classification of this Act to the Code, see Short Title of 1992 Amendment note set out under section 1001 of this title and Tables.

Section 1232(g) of this title, referred to in subsec. (b), was in the original a reference to section 431(g) of the General Education Provisions Act. Sections 422 and 431 of that Act were renumbered as sections 431 and 437, respectively, by Pub. L. 103-382, title II, § 212(b)(1), Oct. 20, 1994, 108 Stat. 3913, and are classified to sections 1231a and 1232, respectively, of this title. Section 437 was amended generally by Pub. L. 103-382, § 247, and, as so amended, no longer contains a subsec. (g), but it does contain provisions relating to the schedule for promulgation of final regulations in subsec. (e).

The Federal Advisory Committee Act, referred to in subsec. (c), is Pub. L. 92-463, Oct. 6, 1972, 86 Stat. 770, as amended, which is set out in the Appendix to Title 5, Government Organization and Employees.

**§ 1098b. Authorization of appropriations for administrative expenses**

There are authorized to be appropriated such sums as may be necessary for fiscal year 1993 and for each succeeding fiscal year thereafter for administrative expenses necessary for carrying out this subchapter and part C of subchapter I of chapter 34 of title 42, including expenses for staff personnel, program reviews, and compliance activities.

(Pub. L. 89-329, title IV, § 493, as added Pub. L. 102-325, title IV, § 497, July 23, 1992, 106 Stat. 634.)

**§ 1099. Exemption from State disclosure requirements**

Loans made, insured, or guaranteed pursuant to a program authorized by this subchapter shall

not be subject to any disclosure requirements of any State law.

(Pub. L. 97-320, title VII, § 701(b), Oct. 15, 1982, 96 Stat. 1538.)

**CODIFICATION**

Section was enacted as part of the Garn-St Germain Depository Institutions Act of 1982, and not as part of title IV of the Higher Education Act of 1965 which comprises this subchapter.

**EFFECTIVE DATE**

Section effective both with respect to loans made prior to and after Oct. 15, 1982, see section 701(c) of Pub. L. 97-320, set out as an Effective Date of 1982 Amendment note under section 1603 of Title 15, Commerce and Trade.

**PART G—PROGRAM INTEGRITY TRIAD**

**CODIFICATION**

This part was added as part H of title IV of Pub. L. 89-329 by Pub. L. 102-325, title IV, § 499, July 23, 1992, 106 Stat. 634. The letter designation of this part was changed from “H” to “G” for codification purposes. See Codification note preceding section 1087a of this title.

**PART REFERRED TO IN OTHER SECTIONS**

This part is referred to in sections 1088, 1089, 1094, 1098a of this title.

**SUBPART 1—STATE POSTSECONDARY REVIEW PROGRAM**

**SUBPART REFERRED TO IN OTHER SECTIONS**

This subpart is referred to in sections 1082, 1087c, 1094, 1099c, 1099c-1, 1145 of this title.

**§ 1099a. State postsecondary review program**

**(a) Purpose**

It is the purpose of this section to authorize the Secretary to enter into agreements that—

(1) designate one State postsecondary review entity in each State to be responsible for the conduct or coordination of the review under section 1099a-3(d) of this title of institutions of higher education, reported to the State by the Secretary pursuant to section 1099a-3(a) of this title, for the purposes of determining eligibility under this subchapter and part C of subchapter I of chapter 34 of title 42; and

(2) provide Federal funds to each State postsecondary review entity for performing the functions required by such agreements with the Secretary.

**(b) Program authority**

The Secretary shall, in accordance with the provisions of this subpart, enter into agreements with each of the States to carry out the purposes of this subpart. If any State declines to enter into an agreement with the Secretary for the purposes of this subpart, the provisions of this subpart which refer to the State, with respect to such State, shall refer to the Secretary, who may make appropriate arrangements with agencies or organizations of demonstrated competence in reviewing institutions of higher education.

**(c) Failure to comply with agreement**

If a State fails to enter into an agreement under this section or fails to meet the require-

<sup>1</sup> See References in Text note below.

ments of its agreement with the Secretary under this subpart—

(1) the Secretary—

(A) may not designate as eligible for participation in any program under this subchapter and part C of subchapter I of chapter 34 of title 42 any new institution (including new branch campuses) or any institution that has changed ownership, pursuant to section 1088 of this title and subpart 3 of this part; and

(B) may grant only provisional certification for all institutions in the State pursuant to subpart 3 of this part; and

(2) the State shall be ineligible to receive funds under section 1099a-2 of this title, subpart 4 of part A of this subchapter, and division 2 of subpart 2 of part A of this subchapter.

(Pub. L. 89-329, title IV, § 494, as added Pub. L. 102-325, title IV, § 499, July 23, 1992, 106 Stat. 635.)

#### EFFECTIVE DATE

Part effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### § 1099a-1. State postsecondary review entity agreements

#### (a) State organization structures

(1) Each agreement under this subpart shall describe a State organizational structure responsible for carrying out the review under section 1099a-3(d) of this title of institutions reported to the State by the Secretary pursuant to section 1099a-3(a) of this title. Each such entity's action in reviewing such institutions shall, for purposes of this subpart, be considered to be the action of the State.

(2) For the purposes of this subpart, the designation of a State postsecondary review entity for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

(3) Except as provided in paragraph (6), nothing in this subpart shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, a specific State organizational structure.

(4) Except as provided in paragraph (6), nothing in this subpart shall be construed—

(A) as a limitation on the authority of any State to adopt a State organization structure for postsecondary education agencies, or programs, or institutions of higher education as appropriate to the needs, traditions, and circumstances of that State;

(B) as a limitation on the authority of a State entering into an agreement pursuant to this subpart to modify the State organizational structure at any time subsequent to entering into such agreement;

(C) as a limitation on the authority of any State to enter into an agreement for purposes of this subpart as a member of a consortium of States;

(D) as an authorization for the Secretary to withhold funds from any State or postsecondary institution on the basis of compliance with a State's constitution or laws;

(E) as an authorization for any State postsecondary review entity to exercise planning, policy, coordinating, supervisory, budgeting, or administrative powers over any postsecondary institution; or

(F) as a limitation on the use of State audits for the purpose of compliance with applicable standards under section 1099a-3(d) of this title.

(5) Nothing in this subpart shall be construed to limit the authority or activities of any State loan insurance program established under section 1078(b) of this title or of any relevant State licensing authority which grants approval for institutions of higher education to operate within a State or their authority to contact the Secretary directly.

(6) Notwithstanding the provisions of paragraphs (2), (3), and (4) of this subsection, the Secretary may require each State to designate an entity responsible for the conduct or coordination of the review of institutions under this subchapter and part C of subchapter I of chapter 34 of title 42.

#### (b) Contents of agreements

Agreements between each State and the Secretary shall contain the following elements:

(1) A designation of a single State postsecondary review entity, which represents all entities of that State which are responsible for—

(A) granting State authorization to each institution of higher education in that State for the purposes of this subchapter and part C of subchapter I of chapter 34 of title 42, and

(B) ensuring that each institution of higher education in that State remains in compliance with the standards developed pursuant to section 1099a-3 of this title.

(2) Assurances that the State will review institutions of higher education for the purpose of determining eligibility under this subchapter and part C of subchapter I of chapter 34 of title 42 on a schedule to coincide with the dates set by the Secretary to certify or recertify such institutions of higher education as provided in section 1088 of this title and subpart 3 of this part.

(3) Assurances that the appropriate State postsecondary review entity will perform the functions authorized by this subpart and will keep such records and provide such information to the Secretary as may be requested for financial and compliance audits and program evaluation, consistent with the responsibilities of the Secretary.

(4) A description of the relationship between the State postsecondary review entity designated for the purposes of this subpart and (A) the agency or agencies designated for the purposes of chapter 36 of title 38, (B) the loan insurance program established under section 1078(b) of this title for that State, and (C) the grant agency established under section 1070c-2 of this title.

(5) A plan for performing the functions described in section 1099a-3 of this title.

#### (c) Federal responsibility

Notwithstanding any other provision of law, no State shall be required to enter into an

agreement with the Secretary under this subpart for performing the review functions required by such agreement unless the Congress appropriates funds for this subpart.

(Pub. L. 89-329, title IV, § 494A, as added Pub. L. 102-325, title IV, § 499, July 23, 1992, 106 Stat. 635.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1099a-3 of this title.

### § 1099a-2. Federal reimbursement of State post-secondary review costs

#### (a) Payments

Subject to subsection (b) of this section, the Secretary shall reimburse the States for the costs of performing the functions required by agreements with the Secretary authorized under this subpart. Such costs shall include expenses for providing initial and continuing training to State personnel and other personnel in the State, including personnel at institutions of higher education subject to review, to serve the purposes of this subpart. Reimbursement shall be provided for necessary activities which supplement, but do not supplant, existing licensing or review functions conducted by the State. The Secretary shall also reimburse such entities for work performed by their subcontractors and consultants where such work has a direct relationship to the requirements of agreements with the Secretary under this subpart.

#### (b) Authorization of appropriations

For the purpose of enabling the Secretary to make payments to States which have made agreements with the Secretary under this subpart, there is authorized to be appropriated \$75,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title IV, § 494B, as added Pub. L. 102-325, title IV, § 499, July 23, 1992, 106 Stat. 637.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1099a of this title.

### § 1099a-3. Functions of State review entities

#### (a) Initial review

The Secretary shall review all eligible institutions of higher education in a State to determine if any such institution meets any of the criteria in subsection (b) of this section. If any such institution meets one or more of such criteria, the Secretary shall inform the State in which such institution is located that the institution has met such criteria, and the State shall review the institution pursuant to the standards in subsection (d) of this section. The Secretary may determine that a State need not review an institution if such institution meets the criterion in subsection (b)(10) of this section only, such institution was previously reviewed by the State under subsection (d), and the State determined in such previous review that the institution did not violate any of the standards in subsection (d) of this section. The Secretary shall supply the State with a copy of the institutional audits, required pursuant to section 1094(c) of

this title, for the institutions which shall be reviewed by the State. In addition to those institutions identified by the Secretary, the State may, subject to approval by the Secretary, review additional institutions which meet one or more of the criteria provided in subsection (b) of this section, based on more recent data available to the State, or which the State has reason to believe are engaged in fraudulent practices. If the Secretary fails to approve or disapprove a State request to review additional institutions within 21 days, the State may proceed to review such additional institutions as if approved by the Secretary.

#### (b) Review criteria

The criteria for the initial review of institutions of higher education are as follows:

(1) A cohort default rate (as defined in section 1085(m) of this title) equal to or greater than 25 percent.

(2) A cohort default rate (as defined in such section) equal to or greater than 20 percent and either—

(A) more than two-thirds of the institution's total undergraduates who are enrolled on at least a half-time basis receive assistance under this subchapter and part C of subchapter I of chapter 34 of title 42 (except subparts 4 and 6 of part A of this subchapter); or

(B) two-thirds or more of the institution's education and general expenditures are derived from funds provided to students enrolled at the institution from the programs established under this subchapter and part C of subchapter I of chapter 34 of title 42 (except subparts 4 and 6 of part A of this subchapter and section 1078-2 of this title).

(3) Two-thirds or more of the institution's education and general expenditures are derived from funds provided to students enrolled at the institution pursuant to subpart 1 of part A of this subchapter.

(4) A limitation, suspension, or termination action by the Secretary against the institution pursuant to section 1094 of this title during the preceding 5 years.

(5) An audit finding during the 2 most recent audits of an institution of higher education's conduct of the programs established by this subchapter and part C of subchapter I of chapter 34 of title 42 that resulted in the repayment by the institution of amounts greater than 5 percent of the funds such institution received from the programs assisted under this subchapter and part C of subchapter I of chapter 34 of title 42 for any one year.

(6) A citation of an institution by the Secretary for failure to submit audits required by this subchapter and part C of subchapter I of chapter 34 of title 42 in a timely fashion.

(7) A year-to-year fluctuation of more than 25 percent in the amounts received by students enrolled at the institution from either Federal Pell Grant, Federal Stafford Loan, or Federal Supplemental Loans to Students programs, which are not accounted for by changes in these programs.

(8) Failure to meet financial responsibility standards pursuant to subpart 3 of this part.



(9) A change of ownership of the institution that results in a change of control which includes (but is not limited to)—

(A) the sale of the institution or the majority of its assets;

(B) the division of 1 or more institutions into 2 or more institutions;

(C) the transfer of the controlling interest in stock of the institution or its parent corporation;

(D) the transfer of the controlling interest of stock of the institution to its parent corporation; or

(E) the transfer of the liabilities of the institution to its parent corporation.

(10) Except with regard to any public institution that is affiliated with a State system of higher education, participation in any of the programs established pursuant to subparts 1 and 3 of part A, part B, and part D of this subchapter and part C of subchapter I of chapter 34 of title 42 for less than 5 years.

(11) A pattern of student complaints pursuant to subsection (j) of this section related to the management or conduct of the programs established by this subchapter and part C of subchapter I of chapter 34 of title 42 or relating to misleading or inappropriate advertising and promotion of the institution's program, which in the judgment of the Secretary are sufficient to justify review of the institution.

#### **(c) Use of recent data**

The criteria provided for in subsection (b) of this section shall be measured on the basis of the most recent data available to the Secretary. Institutions may request verification of the data used by the Secretary.

#### **(d) Review standards**

Institutions which meet 1 or more of the criteria in subsection (b) of this section shall be reviewed by the appropriate State entity in accordance with published State standards that are consistent with the constitution and laws of the State, developed in consultation with the institutions in the State, and subject to disapproval by the Secretary. Such review shall determine the following:

(1) The availability to students and prospective students of catalogs, admissions requirements, course outlines, schedules of tuition and fees, policies regarding course cancellations, and the rules and regulations of the institution relating to students and the accuracy of such catalogs and course outlines in reflecting the courses and programs offered by the institution.

(2) Assurance that the institution has a method to assess a student's ability to successfully complete the course of study for which he or she has applied.

(3) Assurance that the institution maintains and enforces standards relating to academic progress and maintains adequate student and other records.

(4) Compliance by the institution with relevant safety and health standards, such as fire, building, and sanitation codes.

(5) The financial and administrative capacity of the institution as appropriate to a speci-

fied scale of operations and the maintenance of adequate financial and other information necessary to determine the financial and administrative capacity of the institution.

(6) For institutions financially at risk, the adequacy of provisions to provide for the instruction of students and to provide for the retention and accessibility of academic and financial aid records of students in the event the institution closes.

(7) If the stated objectives of the courses or programs of the institution are to prepare students for employment, the relationship of the tuition and fees to the remuneration that can be reasonably expected by students who complete the course or program and the relationship of the courses or programs (including the appropriateness of the length of such courses) to providing the student with quality training and useful employment in recognized occupations in the State.

(8) Availability to students of relevant information by institutions of higher education, including—

(A) information relating to market and job availability for students in occupational, professional, and vocational programs; and

(B) information regarding the relationship of courses to specific standards necessary for State licensure in specific occupations.

(9) The appropriateness of the number of credit or clock hours required for the completion of programs or of the length of 600-hour courses.

(10) Assessing the actions of any owner, shareholder, or person exercising control over the educational institution which may adversely affect eligibility for programs under this subchapter and part C of subchapter I of chapter 34 of title 42.

(11) The adequacy of procedures for investigation and resolution of student complaints.

(12) The appropriateness of advertising and promotion and student recruitment practices.

(13) That the institution has a fair and equitable refund policy to protect students.

(14) The success of the program at the institution, including—

(A) the rates of the institution's students' program completion and graduation, taking into account the length of the program at the institution and the selectivity of the institution's admissions policies;

(B) the withdrawal rates of the institution's students;

(C) with respect to vocational and professional programs, the rates of placement of the institution's graduates in occupations related to their course of study;

(D) where appropriate, the rate at which the institution's graduates pass licensure examinations; and

(E) the variety of student completion goals, including transfer to another institution of higher education, full-time employment in the field of study, and military service.

(15) With respect to an institution which meets 1 or more of the criteria in subsection (b) of this section, the State shall contract

with the appropriate approved accrediting agency or association (described in subpart 2 of this part) or another peer review system with demonstrated competence in assessing programs (pursuant to the authority contained in subsection (f) of this section) to carry out a review or provide information regarding such agency's or association's assessment of the following: The quality and content of the institution's courses or programs of instruction, training, or study in relation to achieving the stated objectives for which the courses or programs are offered, including the adequacy of the space, equipment, instructional materials, staff, and student support services (including student orientation, counseling, and advisement) for providing education and training that meets such stated objectives.

**(e) Substitutions prohibited**

The appropriate State postsecondary review entity may not substitute either (1) accreditation by a private accrediting agency or body, or (2) compliance audits performed by a State guaranty agency established under section 1078(b) of this title, for State review of compliance with the standards in subsection (d) of this section.

**(f) State contracts**

If the appropriate State postsecondary review entity contracts with a private agency or body or an accreditation body or peer review system for assistance in performing State postsecondary review entity functions, such contract shall be provided for in the agreement with the Secretary required by section 1099a-1 of this title.

**(g) Prohibition on unrelated requirements**

Notwithstanding any of the provisions of this subpart, the Secretary shall not require a State to establish standards that are unrelated to ensuring institutional or program integrity or that violate the provisions of a State's constitution or laws.

**(h) Institutional eligibility**

A State postsecondary review entity may determine that an institution of higher education shall not be eligible to participate in programs under this subchapter and part C of subchapter I of chapter 34 of title 42 based on its own findings or the findings of a Federal entity in accordance with the following procedures:

**(1) State findings**

If the appropriate State postsecondary review entity finds that an institution of higher education does not meet one or more of the standards in subsection (d) of this section, such State postsecondary review entity shall notify the Secretary of its findings and the actions that such entity is taking, or has taken, in response to such findings within a time period prescribed by the Secretary by regulation. If a State postsecondary review entity determines an institution of higher education shall not be eligible for participation in programs under this subchapter and part C of subchapter I of chapter 34 of title 42, such State postsecondary review entity shall so notify the Secretary. Upon receipt of such notification of ineligibility, the Secretary shall immediately

terminate the participation of such institutions in the programs authorized by this subchapter and part C of subchapter I of chapter 34 of title 42.

**(2) Secretary's findings**

If the Secretary or any other Federal entity takes, or plans to take, any action against any institution of higher education (including any actions taken under section 1094 of this title), the Secretary shall notify the appropriate State postsecondary review entity (or entities, in the case of multi-State institutions) of such action within a time period prescribed in the Secretary's regulations.

**(3) Procedural protections for disapproval**

The Secretary shall, by regulation, prescribe minimum procedural standards for the disapproval of institutions of higher education by the appropriate State postsecondary review entity or entities for purposes of this subchapter and part C of subchapter I of chapter 34 of title 42.

**(i) Limit on State postsecondary review agency functions**

The functions of State postsecondary review entity shall not include performing financial and compliance audits as may be required under section 1078 or 1094 of this title.

**(j) Consumer complaints**

A State, in consultation with the institutions of higher education in the State, shall establish and publicize the availability of procedures for receiving and responding to complaints from students, faculty, and others about institutions of higher education and shall keep records of such complaints in order to determine their frequency and nature for specific institutions of higher education.

**(k) Enforcement mechanisms**

Nothing in this subpart shall restrict the authority of the States to establish mechanisms to enforce the standards established under subsection (d) of this section or require the States to establish specific mechanisms recommended by the Secretary.

(Pub. L. 89-329, title IV, §494C, as added Pub. L. 102-325, title IV, §499, July 23, 1992, 106 Stat. 637; amended Pub. L. 103-208, §2(i)(1), (2), Dec. 20, 1993, 107 Stat. 2478.)

AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208, §2(i)(1), added first three sentences and struck out former first and second sentences which read as follows: "The Secretary shall review all institutions of higher education in a State which are eligible or which desire to become eligible under this subchapter and part C of subchapter I of chapter 34 of title 42 to determine if such institutions meet any of the criteria provided in subsection (b) of this section. With respect to those institutions of higher education that meet one or more of the criteria provided in subsection (b) of this section, the Secretary shall inform the State in which such institutions are located that the institutions have met such criteria, and these institutions shall be reviewed by the State pursuant to the standards provided in subsection (d) of this section."

Subsec. (i). Pub. L. 103-208, §2(i)(2), substituted "section" for "sections".

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1099a, 1099a-1, 1099c-1 of this title.

## SUBPART 2—ACCREDITING AGENCY APPROVAL

## SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in sections 1099a-3, 1141, 1145 of this title.

### § 1099b. Approval of accrediting agency or association

#### (a) Standards required

No accrediting agency or association may be determined by the Secretary to be a reliable authority as to the quality of education or training offered for the purposes of this chapter or for other Federal purposes, unless the agency or association meets standards established by the Secretary pursuant to this section. The Secretary shall, after notice and opportunity for a hearing, establish standards for such determinations. Such standards shall include an appropriate measure or measures of student achievement. Such standards shall require that—

(1) the accrediting agency or association shall be a State, regional, or national agency or association and shall demonstrate the ability and the experience to operate as an accrediting agency or association within the State, region, or nationally, as appropriate;

(2) such agency or association—

(A)(i) for the purpose of participation in programs under this chapter, has a voluntary membership of institutions of higher education and has as a principal purpose the accrediting of institutions of higher education; or

(ii) for the purpose of participation in other programs administered by the Department of Education or other Federal agencies, has a voluntary membership and has as its principal purpose the accrediting of institutions of higher education or programs;

(B) is a State agency approved by the Secretary for the purpose described in subparagraph (A); or

(C) is an agency or association that, for the purpose of determining eligibility for student assistance under this subchapter and part C of subchapter I of chapter 34 of title 42, conducts accreditation through (i) a voluntary membership organization of individuals participating in a profession, or (ii) an agency or association which has as its principal purpose the accreditation of programs within institutions, which institutions are accredited by another agency or association recognized by the Secretary;

(3) if such agency or association is an agency or association described in—

(A) subparagraph (A)(i) of paragraph (2), then such agency or association is separate and independent, both administratively and

financially of any related, associated, or affiliated trade association or membership organization;

(B) subparagraph (B) of paragraph (2), then such agency or association has been recognized by the Secretary on or before October 1, 1991; or

(C) subparagraph (C) of paragraph (2) and such agency or association has been recognized by the Secretary on or before October 1, 1991, then the Secretary may waive the requirement that such agency or association is separate and independent, both administratively and financially of any related, associated, or affiliated trade association or membership organization upon a demonstration that the existing relationship has not served to compromise the independence of its accreditation process;

(4) such agency or association consistently applies and enforces standards that ensure that the courses or programs of instruction, training, or study at the institution of higher education are of sufficient quality to achieve, for the duration of the accreditation period, the stated objective for which the courses or the programs are offered;

(5) the standards of accreditation of the agency or association assess the institution's—

(A) curricula;

(B) faculty;

(C) facilities, equipment, and supplies;

(D) fiscal and administrative capacity as appropriate to the specified scale of operations;

(E) student support services;

(F) recruiting and admissions practices, academic calendars, catalogs, publications, grading and advertising;

(G) program length and tuition and fees in relation to the subject matters taught and the objectives of the degrees or credentials offered;

(H) measures of program length in clock hours or credit hours;

(I) success with respect to student achievement in relation to its mission, including, as appropriate, consideration of course completion, State licensing examination, and job placement rates;

(J) default rates in the student loan programs under this subchapter and part C of subchapter I of chapter 34 of title 42, based on the most recent data provided by the Secretary;

(K) record of student complaints received by, or available to, the agency or association; and

(L) compliance with its program responsibilities under this subchapter and part C of subchapter I of chapter 34 of title 42, including any results of financial or compliance audits, program reviews, and such other information as the Secretary may provide to the agency or association;

except that subparagraphs (G), (H), (I), (J), and (L) shall not apply to agencies or associations described in paragraph (2)(A)(ii) of this subsection;

(6) such agency or association shall apply procedures throughout the accrediting process, including evaluation and withdrawal proceedings, that comply with due process, including—

(A) adequate specification of requirements and deficiencies at the institution of higher education or program being examined;

(B) notice of an opportunity for a hearing by any such institution;

(C) the right to appeal any adverse action against any such institution; and

(D) the right to representation by counsel for any such institution;

(7) such agency or association shall notify the Secretary and the appropriate State postsecondary review entity within 30 days of the accreditation of an institution or any final denial, withdrawal, suspension, or termination of accreditation or placement on probation of an institution, together with any other adverse action taken with respect to an institution; and

(8) such agency or association shall make available to the public, upon request, and to the Secretary, and the State postsecondary review entity of the State in which the institution of higher education is located a summary of any review resulting in a final accrediting decision involving denial, termination, or suspension of accreditation, together with the comments of the affected institution.

**(b) “Separate and independent” defined**

For the purpose of subsection (a)(3) of this section, the term “separate and independent” means that—

(1) the members of the postsecondary education governing body of the accrediting agency or association are not elected or selected by the board or chief executive officer of any related, associated, or affiliated trade association or membership organization;

(2) among the membership of the board of the accrediting agency or association there shall be one public member (who is not a member of any related trade or membership organization) for each six members of the board, with a minimum of one such public member, and guidelines are established for such members to avoid conflicts of interest;

(3) dues to the accrediting agency or association are paid separately from any dues paid to any related, associated, or affiliated trade association or membership organization; and

(4) the budget of the accrediting agency or association is developed and determined by the accrediting agency or association without review or resort to consultation with any other entity or organization.

**(c) Operating procedures required**

No accrediting agency or association may be approved by the Secretary as a reliable authority as to the quality of education or training offered by an institution seeking to participate in the programs authorized under this subchapter and part C of subchapter I of chapter 34 of title 42, unless the agency or association—

(1) performs, at regularly established intervals, on-site inspections and reviews of insti-

tutions of higher education (at least one of which inspections at each institution that provides vocational education and training shall be unannounced), with particular focus on educational quality and program effectiveness, and ensures that accreditation team members are well-trained and knowledgeable with respect to their responsibilities;

(2) requires that any institution of higher education subject to its jurisdiction which plans to establish a branch campus submit a business plan, including projected revenues and expenditures, prior to opening the branch campus;

(3) agrees to conduct, as soon as practicable, but within a period of not more than 6 months of the establishment of a new branch campus or a change of ownership of an institution of higher education, an on-site visit of that branch campus or of the institution after a change of ownership;

(4) requires that teach-out agreements among institutions are subject to approval by the accrediting agency or association consistent with standards promulgated by such agency or association;

(5) maintains and makes publicly available written materials regarding standards and procedures for accreditation, appeal procedures, and the accreditation status of each institution subject to its jurisdiction; and

(6) discloses publicly whenever an institution of higher education subject to its jurisdiction is being considered for accreditation or reaccreditation.

**(d) Length of approval**

No accrediting agency or association may be approved by the Secretary for the purpose of this chapter for a period of more than 5 years.

**(e) Initial arbitration rule**

The Secretary may not recognize the accreditation of any institution of higher education unless the institution of higher education agrees to submit any dispute involving the final denial, withdrawal, or termination of accreditation to initial arbitration prior to any other legal action.

**(f) Jurisdiction**

Notwithstanding any other provision of law, any civil action brought by an institution of higher education seeking accreditation from, or accredited by, an accrediting agency or association approved by the Secretary for the purpose of this subchapter and part C of subchapter I of chapter 34 of title 42 and involving the denial, withdrawal, or termination of accreditation of the institution of higher education, shall be brought in the appropriate United States district court.

**(g) Limitation on scope of standards**

Nothing in this chapter shall be construed to permit the Secretary to establish standards for accrediting agencies or associations that are not required by this section. Nothing in this chapter shall be construed to prohibit or limit any accrediting agency or association from adopting additional standards not provided for in this section.

**(h) Change of accrediting agency**

The Secretary shall not recognize the accreditation of any otherwise eligible institution of higher education if the institution of higher education is in the process of changing its accrediting agency or association, unless the eligible institution submits to the Secretary all materials relating to the prior accreditation, including materials demonstrating reasonable cause for changing the accrediting agency or association.

**(i) Dual accreditation rule**

The Secretary shall not recognize the accreditation of any otherwise eligible institution of higher education if the institution of higher education is accredited, as an institution, by more than one accrediting agency or association, unless the institution submits to each such agency and association and to the Secretary the reasons for accreditation by more than one such agency or association and demonstrates to the Secretary reasonable cause for its accreditation by more than one agency or association. If the institution is accredited, as an institution, by more than one accrediting agency or association, the institution shall designate which agency's accreditation shall be utilized in determining the institution's eligibility for programs under this chapter.

**(j) Impact of loss of accreditation**

An institution may not be certified or recertified as an institution of higher education under section 1088 of this title and subpart 3 of this part or participate in any of the other programs authorized by this chapter if such institution—

- (1) is not currently accredited by any agency or association recognized by the Secretary;
- (2) has had its accreditation withdrawn, revoked, or otherwise terminated for cause during the preceding 24 months, unless such withdrawal, revocation, or termination has been rescinded by the same accrediting agency; or
- (3) has withdrawn from accreditation voluntarily under a show cause or suspension order during the preceding 24 months, unless such order has been rescinded by the same accrediting agency.

**(k) Religious institution rule**

Notwithstanding subsection (j) of this section, the Secretary shall allow an institution that has had its accreditation withdrawn, revoked, or otherwise terminated, or has voluntarily withdrawn from an accreditation agency, to remain certified as an institution of higher education under section 1088 of this title and subpart 3 of this part for a period sufficient to allow such institution to obtain alternative accreditation, if the Secretary determines that the reason for the withdrawal, revocation, or termination—

- (1) is related to the religious mission or affiliation of the institution; and
- (2) is not related to the accreditation standards provided for in this section.

**(l) Limitation, suspension or termination of approval**

(1) The Secretary shall limit, suspend, or terminate the approval of an accrediting agency or association if the Secretary determines, after

notice and opportunity for a hearing, that the accrediting agency or association has failed to apply effectively the standards or operate according to the procedures provided in this section.

(2) The Secretary may determine that an accrediting agency or association has failed to apply effectively the standards provided in this section if an institution of higher education seeks and receives accreditation from the accrediting agency or association during any period in which the institution is the subject of any interim action by another accrediting agency or association, described in paragraph (2)(A)(i), (2)(B), or (2)(C) of subsection (a) of this section, leading to the suspension, revocation, or termination of accreditation or the institution has been notified of the threatened loss of accreditation, and the due process procedures required by such suspension, revocation, termination, or threatened loss have not been completed.

**(m) Limitation on Secretary's authority**

The Secretary may only recognize accrediting agencies or associations which accredit institutions of higher education for the purpose of enabling such institutions to establish eligibility to participate in the programs under this chapter or which accredit institutions of higher education or higher education programs for the purpose of enabling them to establish eligibility to participate in other programs administered by the Department of Education or other Federal agencies.

**(n) Independent evaluation**

(1) The Secretary shall conduct a comprehensive review and evaluation of the performance of all accrediting agencies or associations which seek recognition by the Secretary in order to determine whether such accrediting agencies or associations meet the standards established by this section. The Secretary shall conduct an independent evaluation of the information provided by such agency or association. Such evaluation shall include—

- (A) the solicitation of third-party information concerning the performance of the accrediting agency or association; and
- (B) site visits, including unannounced site visits as appropriate, at accrediting agencies and associations, and, at the Secretary's discretion, at representative member institutions.

(2) The Secretary shall place a priority for review of accrediting agencies or associations on those agencies or associations that accredit institutions of higher education that participate most extensively in the programs authorized by this subchapter and part C of subchapter I of chapter 34 of title 42 and on those agencies or associations which have been the subject of the most complaints or legal actions.

(3) The Secretary shall consider all available relevant information concerning the compliance of the accrediting agency or association with the standards provided for in this section, including any complaints or legal actions against such agency or association. In cases where deficiencies in the performance of an accreditation

agency or association with respect to the requirements of this section are noted, the Secretary shall take these deficiencies into account in the approval process. The Secretary shall not, under any circumstances, base decisions on the approval or disapproval of accreditation agencies or associations on standards other than those contained in this section.

(4) The Secretary shall maintain sufficient documentation to support the conclusions reached in the approval process, and, upon disapproval of any accreditation agency or association, shall make publicly available the reason for such disapproval, including reference to the specific standards under this section which have not been fulfilled.

#### (o) Regulations

The Secretary shall by regulation provide procedures for the recognition of accrediting agencies or associations and for the appeal of the Secretary's decisions.

(Pub. L. 89-329, title IV, § 496, as added Pub. L. 102-325, title IV, § 499, July 23, 1992, 106 Stat. 641; amended Pub. L. 103-208, § 2(i)(3)-(8), Dec. 20, 1993, 107 Stat. 2478, 2479.)

#### REFERENCES IN TEXT

This chapter, referred to in subssecs. (a), (d), (g), (i), (j), and (m), was in the original "this Act", meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### AMENDMENTS

1993—Subsec. (a)(2)(A)(i). Pub. L. 103-208, § 2(i)(3), inserted "of institutions of higher education" after "membership".

Subsec. (a)(3)(A). Pub. L. 103-208, § 2(i)(4), substituted "subparagraph (A)(i)" for "subparagraph (A)".

Subsec. (a)(5). Pub. L. 103-208, § 2(i)(5), substituted a semicolon for the period at end of subpar. (L) and inserted after subpar. (L) the following: "except that subparagraphs (G), (H), (I), (J), and (L) shall not apply to agencies or associations described in paragraph (2)(A)(ii) of this subsection";

Subsec. (c). Pub. L. 103-208, § 2(i)(6), substituted "as a reliable authority as to the quality of education or training offered by an institution seeking to participate in the programs authorized under this subchapter and part C of subchapter I of chapter 34 of title 42" for "for the purpose of this subchapter and part C of subchapter I of chapter 34 of title 42".

Subsec. (l)(2). Pub. L. 103-208, § 2(i)(7), substituted "institution" for "institution" and "association, described in paragraph (2)(A)(i), (2)(B), or (2)(C) of subsection (a) of this section, leading to the suspension" for "association leading to the suspension".

Subsec. (n)(1)(B). Pub. L. 103-208, § 2(i)(8), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: "site visits at both the accrediting agency or association and member institutions, including unannounced visits where appropriate."

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SUBPART 3—ELIGIBILITY AND CERTIFICATION PROCEDURES

##### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in sections 1087, 1088, 1094, 1099a, 1099a-1, 1099a-3, 1099b of this title.

#### § 1099c. Eligibility and certification procedures

##### (a) General requirement

For purposes of qualifying institutions of higher education for participation in programs under this subchapter and part C of subchapter I of chapter 34 of title 42, the Secretary shall determine the legal authority to operate within a State, the accreditation status, and the administrative capability and financial responsibility of an institution of higher education in accordance with the requirements of this section.

##### (b) Single application form

The Secretary shall prepare and prescribe a single application form which—

(1) requires sufficient information and documentation to determine that the requirements of eligibility, accreditation, and capability of the institution of higher education are met;

(2) requires a specific description of the relationship between a main campus of an institution of higher education and all of its branches, including a description of the student aid processing that is performed by the main campus and that which is performed at its branches;

(3) requires a description of third party servicers of an institution of higher education, together with a copy of any contract with the institution of higher education and a financial aid service provider or loan servicer; and

(4) requires such other information as the Secretary determines will ensure compliance with the requirements of this subchapter and part C of subchapter I of chapter 34 of title 42 with respect to eligibility, accreditation, administrative capability and financial responsibility.

##### (c) Financial responsibility standards

(1) The Secretary shall determine whether an institution has the financial responsibility required by this subchapter and part C of subchapter I of chapter 34 of title 42 on the basis of whether the institution is able—

(A) to provide the services described in its official publications and statements;

(B) to provide the administrative resources necessary to comply with the requirements of this subchapter and part C of subchapter I of chapter 34 of title 42; and

(C) to meet all of its financial obligations, including (but not limited to) refunds of institutional charges and repayments to the Secretary for liabilities and debts incurred in programs administered by the Secretary.

(2) Notwithstanding paragraph (1), if an institution fails to meet criteria prescribed by the Secretary with respect to operating losses, net worth, asset-to-liabilities ratios, or operating fund deficits then the institution shall provide the Secretary with satisfactory evidence of its financial responsibility in accordance with paragraph (3). Such criteria shall take into account any differences in generally accepted accounting principles, and the financial statements required thereunder, that are applicable to for profit and nonprofit institutions. The Secretary shall take into account an institution's total financial circumstances in making a determination of its ability to meet the standards herein required.

(3) The Secretary shall determine an institution to be financially responsible, notwithstanding the institution's failure to meet the criteria under paragraphs (1) and (2), if—

(A) such institution submits to the Secretary third-party financial guarantees, such as performance bonds or letters of credit payable to the Secretary, which third-party financial guarantees shall equal not less than one-half of the annual potential liabilities of such institution to the Secretary for funds under this subchapter and part C of subchapter I of chapter 34 of title 42, including loan obligations discharged pursuant to section 1087 of this title, and to students for refunds of institutional charges, including funds under this subchapter and part C of subchapter I of chapter 34 of title 42;

(B) such institution has its liabilities backed by the full faith and credit of a State, or its equivalent;

(C) such institution establishes to the satisfaction of the Secretary, with the support of a financial statement audited by an independent certified public accountant in accordance with generally accepted auditing standards, that the institution has sufficient resources to ensure against the precipitous closure of the institution, including the ability to meet all of its financial obligations (including refunds of institutional charges and repayments to the Secretary for liabilities and debts incurred in programs administered by the Secretary); or

(D) such institution has met standards of financial responsibility, prescribed by the Secretary by regulation, that indicate a level of financial strength not less than those required in paragraph (2).

(4) If an institution of higher education that provides a 2-year or 4-year program of instruction for which the institution awards an associate or baccalaureate degree fails to meet the ratio of current assets to current liabilities imposed by the Secretary pursuant to paragraph (2), the Secretary shall waive that particular requirement for that institution if the institution demonstrates to the satisfaction of the Secretary that—

(A) there is no reasonable doubt as to its continued solvency and ability to deliver quality educational services;

(B) it is current in its payment of all current liabilities, including student refunds, repayments to the Secretary, payroll, and payment of trade creditors and withholding taxes; and

(C) it has substantial equity in school-occupied facilities, the acquisition of which was the direct cause of its failure to meet the current operating ratio requirement.

(5) The determination as to whether an institution has met the standards of financial responsibility provided for in paragraphs (2) and (3)(C) shall be based on an audited and certified financial statement of the institution. Such audit shall be conducted by a qualified independent organization or person in accordance with standards established by the American Institute of Certified Public Accountants. Such statement shall be submitted to the Secretary at the time such institution is considered for certification

or recertification under this section. If the institution is permitted to be certified (provisionally or otherwise) and such audit does not establish compliance with paragraph (2), the Secretary may require that additional audits be submitted.

(6)(A) The Secretary shall establish requirements for the maintenance by an institution of higher education of sufficient cash reserves to ensure repayment of any required refunds.

(B) The Secretary shall provide for a process under which the Secretary shall exempt an institution of higher education from the requirements described in subparagraph (A) if the Secretary determines that the institution—

(i) is located in a State that has a tuition recovery fund that ensures that the institution meets the requirements of subparagraph (A);

(ii) contributes to the fund; and

(iii) otherwise has legal authority to operate within the State.

#### **(d) Administrative capacity standard**

The Secretary is authorized—

(1) to establish procedures and requirements relating to the administrative capacities of institutions of higher education, including—

(A) consideration of past performance of institutions or persons in control of such institutions with respect to student aid programs; and

(B) maintenance of records;

(2) to establish such other reasonable procedures as the Secretary determines will contribute to ensuring that the institution of higher education will comply with administrative capability required by this subchapter and part C of subchapter I of chapter 34 of title 42.

#### **(e) Financial guarantees from owners**

(1) Notwithstanding any other provision of law, the Secretary may, to the extent necessary to protect the financial interest of the United States, require—

(A) financial guarantees from an institution participating, or seeking to participate, in a program under this subchapter and part C of subchapter I of chapter 34 of title 42, or from one or more individuals who the Secretary determines, in accordance with paragraph (2), exercise substantial control over such institution, or both, in an amount determined by the Secretary to be sufficient to satisfy the institution's potential liability to the Federal Government, student assistance recipients, and other program participants for funds under this subchapter and part C of subchapter I of chapter 34 of title 42; and

(B) the assumption of personal liability, by one or more individuals who exercise substantial control over such institution, as determined by the Secretary in accordance with paragraph (2), for financial losses to the Federal Government, student assistance recipients, and other program participants for funds under this subchapter and part C of subchapter I of chapter 34 of title 42, and civil and criminal monetary penalties authorized under this subchapter and part C of subchapter I of chapter 34 of title 42.

(2)(A) The Secretary may determine that an individual exercises substantial control over one or more institutions participating in a program under this subchapter and part C of subchapter I of chapter 34 of title 42 if the Secretary determines that—

(i) the individual directly or indirectly controls a substantial ownership interest in the institution;

(ii) the individual, either alone or together with other individuals, represents, under a voting trust, power of attorney, proxy, or similar agreement, one or more persons who have, individually or in combination with the other persons represented or the individual representing them, a substantial ownership interest in the institution; or

(iii) the individual is a member of the board of directors, the chief executive officer, or other executive officer of the institution or of an entity that holds a substantial ownership interest in the institution.

(B) The Secretary may determine that an entity exercises substantial control over one or more institutions participating in a program under this subchapter and part C of subchapter I of chapter 34 of title 42 if the Secretary determines that the entity directly or indirectly holds a substantial ownership interest in the institution.

(3) For purposes of this subsection, an ownership interest is defined as a share of the legal or beneficial ownership or control of, or a right to share in the proceeds of the operation of, an institution or institution's parent corporation. An ownership interest may include, but is not limited to—

(A) a sole proprietorship;

(B) an interest as a tenant-in-common, joint tenant, or tenant by the entirety;

(C) a partnership; or

(D) an interest in a trust.

(4) The Secretary shall not impose the requirements described in subparagraphs (A) and (B) of paragraph (1) on an institution that—

(A) has not been subjected to a limitation, suspension, or termination action by the Secretary or a guaranty agency within the preceding 5 years;

(B) has not had, during its 2 most recent audits of the institutions conduct of programs under this subchapter and part C of subchapter I of chapter 34 of title 42, an audit finding that resulted in the institution being required to repay an amount greater than 5 percent of the funds the institution received from programs under this subchapter and part C of subchapter I of chapter 34 of title 42 for any year;

(C) meets and has met, for the preceding 5 years, the financial responsibility standards under subsection (c) of this section; and

(D) has not been cited during the preceding 5 years for failure to submit audits required under this subchapter and part C of subchapter I of chapter 34 of title 42 in a timely fashion.

(5) For purposes of section 1094(c)(1)(G) of this title, this section shall also apply to individuals or organizations that contract with an institution to administer any aspect of an institution's student assistance program under this sub-

chapter and part C of subchapter I of chapter 34 of title 42.

**(f) Actions on applications; site visits and fees**

The Secretary shall ensure that prompt action is taken by the Department on any application required under subsection (b) of this section. The personnel of the Department of Education shall conduct a site visit at each institution before certifying or recertifying its eligibility for purposes of any program under this subchapter and part C of subchapter I of chapter 34 of title 42. The Secretary may establish priorities by which institutions are to receive site visits, and may coordinate such visits with site visits by States, guaranty agencies, and accrediting bodies in order to eliminate duplication, and reduce administrative burden. The Secretary may charge reasonable fees to cover the expenses of certification and site visits and, to the extent permitted by appropriations Acts, may retain such fees to cover such expenses.

**(g) Time limitations on, and renewal of, eligibility**

(1) The eligibility for the purposes of any program authorized under this subchapter and part C of subchapter I of chapter 34 of title 42 of any institution that is participating in any such program on July 23, 1992, shall expire in accordance with the schedule prescribed by the Secretary in accordance with paragraph (2), but not later than 5 years after July 23, 1992.

(2) The Secretary shall establish a schedule for the expiration of the eligibility for purposes of any such program of all institutions of higher education within the 5-year period specified in paragraph (1). Such schedule shall place a priority for the expiration of the certification of institutions on those that meet the following criteria:

(A) institutions subject to review by a State postsecondary review entity pursuant to subpart 1 of this part; or

(B) other categories of institutions which the Secretary deems necessary.

(3) After the expiration of the certification of any institution under the schedule prescribed under this subsection, or upon request for initial certification from an institution not previously certified, the Secretary may certify the eligibility for the purposes of any program authorized under this subchapter and part C of subchapter I of chapter 34 of title 42 of each such institution for a period not to exceed 4 years.

**(h) Provisional certification of institutional eligibility**

(1) Notwithstanding subsections (d) and (g) of this section, the Secretary may provisionally certify an institution's eligibility to participate in programs under this subchapter and part C of subchapter I of chapter 34 of title 42—

(A) for not more than one complete award year in the case of an institution of higher education seeking an initial certification; and

(B) for not more than 3 complete award years if—

(i) the institution's administrative capability and financial responsibility is being determined for the first time;



(ii) there is a complete or partial change of ownership, as defined under subsection (i) of this section, of an eligible institution; or

(iii) the Secretary determines that an institution that seeks to renew its certification is, in the judgment of the Secretary, in an administrative or financial condition that may jeopardize its ability to perform its financial responsibilities under a program participation agreement.

(2) Whenever the Secretary withdraws the approval of any accrediting agency, an institution of higher education which meets the requirements of accreditation, eligibility, and certification on the day prior to such withdrawal, the Secretary may, notwithstanding the withdrawal, continue the eligibility of the institution of higher education to participate in the programs authorized by this subchapter and part C of subchapter I of chapter 34 of title 42 for a period not to exceed 18 months from the date of the withdrawal of approval.

(3) If, prior to the end of a period of provisional certification under this subsection, the Secretary determines that the institution is unable to meet its responsibilities under its program participation agreement, the Secretary may terminate the institution's participation in programs under this subchapter and part C of subchapter I of chapter 34 of title 42.

**(i) Treatment of changes of ownership**

(1) An eligible institution of higher education that has had a change in ownership resulting in a change of control shall not qualify to participate in programs under this subchapter and part C of subchapter I of chapter 34 of title 42 after the change in control (except as provided in paragraph (3)) unless it establishes that it meets the requirements of section 1088 of this title (other than the requirements in subsections (b)(5) and (c)(3)) and this section after such change in control.

(2) An action resulting in a change in control may include (but is not limited to)—

(A) the sale of the institution or the majority of its assets;

(B) the transfer of the controlling interest of stock of the institution or its parent corporation;

(C) the merger of two or more eligible institutions;

(D) the division of one or more institutions into two or more institutions;

(E) the transfer of the controlling interest of stock of the institutions to its parent corporation; or

(F) the transfer of the liabilities of the institution to its parent corporation.

(3) An action that may be treated as not resulting in a change in control includes (but is not limited to)—

(A) the sale or transfer, upon the death of an owner of an institution, of the ownership interest of the deceased in that institution to a family member or to a person holding an ownership interest in that institution; or

(B) another action determined by the Secretary to be a routine business practice.

**(j) Treatment of branches**

(1) A branch of an eligible institution of higher education, as defined pursuant to regulations of

the Secretary, shall be certified under this subpart before it may participate as part of such institution in a program under this subchapter and part C of subchapter I of chapter 34 of title 42, except that such branch shall not be required to meet the requirements of sections 1088(b)(5) and 1088(c)(3) of this title prior to seeking such certification. Such branch is required to be in existence at least 2 years prior to seeking certification as a main campus or free-standing institution.

(2) The Secretary may waive the requirement of section 1141(a)(2) of this title for a branch that (A) is not located in a State, (B) is affiliated with an eligible institution, and (C) was participating in one or more programs under this subchapter and part C of subchapter I of chapter 34 of title 42 on or before January 1, 1992.

(Pub. L. 89-329, title IV, § 498, as added Pub. L. 102-325, title IV, § 499, July 23, 1992, 106 Stat. 647; amended Pub. L. 103-208, § 2(i)(9)–(14), Dec. 20, 1993, 107 Stat. 2479, 2480.)

**AMENDMENTS**

1993—Subsec. (c)(2). Pub. L. 103-208, § 2(i)(9)(A), inserted at end “Such criteria shall take into account any differences in generally accepted accounting principles, and the financial statements required thereunder, that are applicable to for profit and nonprofit institutions. The Secretary shall take into account an institution's total financial circumstances in making a determination of its ability to meet the standards herein required.”

Subsec. (c)(3). Pub. L. 103-208, § 2(i)(9)(B), substituted “The Secretary shall determine” for “The Secretary may determine” in introductory provisions.

Subsec. (c)(3)(C). Pub. L. 103-208, § 2(i)(9)(C), amended subpar. (C) generally. Prior to amendment, subpar. (C) read as follows: “such institution establishes to the satisfaction of the Secretary, with the support of a report of an independent certified public accountant prepared under generally accepted accounting principles, that the institution is a going concern capable of meeting all of its financial obligations, including (but not limited to) refunds of institutional charges and repayments to the Secretary for liabilities and debts incurred in programs administered by the Secretary; or”.

Subsec. (c)(4) to (6). Pub. L. 103-208, § 2(i)(9)(D), (E), added par. (4) and redesignated former pars. (4) and (5) as (5) and (6), respectively.

Subsec. (f). Pub. L. 103-208, § 2(i)(10), inserted after second sentence “The Secretary may establish priorities by which institutions are to receive site visits, and may coordinate such visits with site visits by States, guaranty agencies, and accrediting bodies in order to eliminate duplication, and reduce administrative burden.”

Subsec. (h)(1)(B)(iii). Pub. L. 103-208, § 2(i)(11), amended cl. (iii) generally. Prior to amendment, cl. (iii) read as follows: “the Secretary determines that the institution is, in the judgment of the Secretary, in an administrative or financial condition that may jeopardize its ability to perform its responsibilities under its program participation agreement.”

Subsec. (i)(1). Pub. L. 103-208, § 2(i)(12), amended par. (1) generally. Prior to amendment, par. (1) read as follows: “For the purpose of certifying the eligibility of an institution, an eligible institution of higher education that has a change in ownership resulting in a change in control shall not be considered to be the same institution (except as provided in paragraph (3)) and shall be considered a new institution for the purpose of establishing eligibility, except that such institution shall not be required (under section 1088(b)(5) or 1088(c)(3) of this title) to be in existence for 2 years

prior to seeking such certification unless such institution was in existence as a branch for less than 2 years.”

Subsec. (i)(3)(A). Pub. L. 103-208, §2(i)(13), amended subpar. (A) generally. Prior to amendment, subpar. (A) read as follows: “the death of an owner of an institution, when the owner’s interest is sold or transferred to either a family member or a current stockholder of the corporation; or”.

Subsec. (j)(1). Pub. L. 103-208, §2(i)(14), amended par. (1) generally. Prior to amendment, par. (1) read as follows: “For the purposes of this subchapter and part C of subchapter I of chapter 34 of title 42, a branch of an eligible institution, as defined pursuant to regulations of the Secretary, is a separate institution of higher education and shall separately meet all the requirements of this subchapter and part C of subchapter I of chapter 34 of title 42, except that such institution shall not be required (under section 1088(b)(5) or 1088(c)(3) of this title) to be in existence for 2 years prior to seeking such certification unless such institution was in existence as a branch for less than 2 years.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 5938 of this title.

### § 1099c-1. Program review and data

#### (a) General authority

In order to strengthen the administrative capability and financial responsibility provisions of this subchapter and part C of subchapter I of chapter 34 of title 42, the Secretary—

(1) shall provide for the conduct of program reviews on a systematic basis designed to include all institutions of higher education participating in programs authorized by this subchapter and part C of subchapter I of chapter 34 of title 42;

(2) may give priority for program review to institutions of higher education that are—

(A) institutions with a cohort default rate for loans under part B of this subchapter in excess of 25 percent or which places such institutions in the highest 25 percent of such institutions;

(B) institutions with a default rate in dollar volume for loans under part B of this subchapter which places the institutions in the highest 25 percent of such institutions;

(C) institutions with a significant fluctuation in Federal Stafford Loan volume or Federal Pell Grant awards, or both, in the year for which the determination is made compared to the year prior to such year;

(D) institutions reported to have deficiencies or financial aid problems by the appropriate State postsecondary review entity designated under subpart 1 of this part or by the appropriate accrediting agency or association;

(E) institutions with high annual dropout rates;

(F) any institution which is required to be reviewed by a State postsecondary review entity pursuant to subpart 1 of this part under section 1099a-3(b) of this title; and

(G) such other institutions as the Secretary deems necessary; and

(3) shall establish and operate a central data base of information on institutional accreditation, eligibility, and certification that includes—

(A) all information available to the Department;

(B) all relevant information made available by the Secretary of Veterans Affairs;

(C) all relevant information from accrediting agencies or associations;

(D) all relevant information available from a guaranty agency; and

(E) all relevant information available from States under subpart 1 of this part.

#### (b) Special administrative rules

(1) In carrying out paragraphs (1) and (2) of subsection (a) of this section, the Secretary shall establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education.

(2) The Secretary shall review the regulations of the Department and the application of such regulations to ensure the uniformity of interpretation and application of the regulations.

#### (c) Data collection rules

The Secretary shall develop and carry out a plan for the data collection responsibilities described in paragraph (3) of subsection (a) of this section. The Secretary shall make the information obtained under such paragraph (3) readily available to all institutions of higher education, guaranty agencies, States, and other organizations participating in the programs authorized by this subchapter and part C of subchapter I of chapter 34 of title 42.

#### (d) Training

The Secretary shall provide training to personnel of the Department, including criminal investigative training, designed to improve the quality of financial and compliance audits and program reviews conducted under this subchapter and part C of subchapter I of chapter 34 of title 42.

#### (e) Special rule

The provisions of section 3403(b) of this title shall not apply to Secretarial determinations made regarding the appropriate length of instruction for programs measured in clock hours.

(Pub. L. 89-329, title IV, §498A, as added Pub. L. 102-325, title IV, §499, July 23, 1992, 106 Stat. 652; amended Pub. L. 103-208, §2(i)(15), Dec. 20, 1993, 107 Stat. 2480.)

#### AMENDMENTS

1993—Subsec. (e). Pub. L. 103-208 struck out comma after “title”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### SUBCHAPTER V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

#### CODIFICATION

Title V of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L.

89-329, Nov. 8, 1965, 79 Stat. 1254; amended Pub. L. 90-35, June 29, 1967, 81 Stat. 81; Pub. L. 90-83, Sept. 11, 1967, 81 Stat. 195; Pub. L. 90-247, Jan. 2, 1968, 81 Stat. 783; Pub. L. 90-575, Oct. 16, 1968, 82 Stat. 1014; Pub. L. 91-230, Apr. 13, 1970, 84 Stat. 121; Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 93-380, Aug. 21, 1974, 88 Stat. 484; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 95-561, Nov. 1, 1978, 92 Stat. 2143; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-88, Oct. 17, 1979, 93 Stat. 668; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 97-35, Aug. 13, 1981, 95 Stat. 357; Pub. L. 97-300, Oct. 13, 1982, 96 Stat. 1322; Pub. L. 98-558, Oct. 30, 1984, 98 Stat. 2878; Pub. L. 99-386, Aug. 22, 1986, 100 Stat. 821; Pub. L. 99-498, Oct. 17, 1986, 100 Stat. 1268; Pub. L. 100-50, June 3, 1987, 101 Stat. 335; Pub. L. 101-226, Dec. 12, 1989, 103 Stat. 1928. Such title is shown herein, however, as having been added by Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 653, without reference to such intervening amendments because of the extensive revision of this title V by Pub. L. 102-325.

## § 1101. Findings and purpose

### (a) Findings

The Congress finds that—

(1) teachers in the classroom are the men and women who must play an integral role in leading our Nation's schools into the 21st century;

(2) we should encourage individuals to enter the education profession so that our teaching force is representative both of the diversity of our Nation and of the tremendous talents and skills of our citizens;

(3) the methods used to prepare prospective teachers and the continuing education and support provided to practicing teachers have a significant influence on the effectiveness of classroom teachers;

(4) the postsecondary education of education professionals has not been linked to local, State and national goals and standards;

(5) the inservice and continuing professional development of educators has not promoted systematic and sustained improvement of the education system;

(6) State educational agencies have not been funded and staffed adequately to carry out a mission of supporting a process to achieve local, State, or national goals and standards;

(7) in order to encourage more women and underrepresented minorities to enter the fields of science and mathematics and succeed in these fields, we must provide proper training for existing mathematics and science teachers and recruit women and underrepresented minorities as teachers in these fields;

(8) educators must have the expertise and the support that allow them to adapt to the changing environment in our schools and to the evolving skills required of our schools' graduates; and

(9) the Federal Government plays an essential role in providing support to educator training and professional development that will enable teachers to be classroom leaders and administrators to be school leaders at the forefront of reforming our Nation's schools.

### (b) Purpose

It is the purpose of this subchapter—

(1) to provide assistance to our Nation's teaching force for the continued improvement of their professional skills;

(2) to provide assistance for professional development activities enabling teachers, school administrators, and institutions of higher education to work collaboratively to improve educational performance through school reform and restructuring;

(3) to address the Nation's teacher shortage, particularly in areas where there are heavy concentrations of low-income students, by encouraging talented persons, including the individuals already employed as school paraprofessionals and individuals who have been employed in other areas of endeavor, to enter the teaching profession;

(4) to encourage academically qualified students to become teachers through scholarship assistance;

(5) to support the recruitment of underrepresented populations into teaching careers;

(6) to provide scholarship assistance to encourage women and minorities who are underrepresented in the fields of science and mathematics to enter the teaching profession in these fields;

(7) to encourage the establishment and maintenance of programs that provide professional teacher preparation to individuals who are moving to careers in education from other occupations;

(8) to promote partnerships between institutions of higher education and local educational agencies for the purpose of promoting the simultaneous restructuring and renewal of elementary and secondary schools and college-based teacher education programs;

(9) to improve the leadership and administrative skills of elementary and secondary school administrators;

(10) to provide assistance to schools of education in institutions of higher education in order to reform teacher education programs by encouraging new developments in teacher preparation which provide for greater integration of subject matter and pedagogical training and which prepare classroom teachers to effectively meet changing noneducational challenges in the schools; and

(11) to promote high quality child development and early childhood education specialist training programs, including preschool and early intervention services for infants and toddlers with disabilities.

(Pub. L. 89-329, title V, §500, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 653.)

### PRIOR PROVISIONS

A prior section 1101, Pub. L. 89-329, title V, §501, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1495, related to statement of purpose and applicability of this subchapter, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1101, Pub. L. 89-329, title V, §511, Nov. 8, 1965, 79 Stat. 1255; Pub. L. 90-35, §3(a)(3), (b), June 29, 1967, 81 Stat. 85; Pub. L. 90-575, title II, §231(a), (b)(1), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 91-230, title VIII, §§804(b), 805(a), Apr. 13, 1970, 84 Stat. 190, 191; Pub. L. 92-318, title I, §141(a)(1)(A), (c)(1)(C), June 23, 1972, 86 Stat. 284, 285; Pub. L. 93-380, title VIII, §835(a)(1), Aug. 21, 1974, 88 Stat. 605; Pub. L. 94-482, title I, §§151(a)(5)(A), 152(a), Oct. 12, 1976, 90 Stat. 2152; Pub. L. 96-49, §6(a), Aug. 13, 1979, 93 Stat. 353; Pub. L. 96-374,

title V, §501(a), Oct. 3, 1980, 94 Stat. 1459, set forth statement of purpose and authorization of appropriations for Teacher Corps program, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

A prior section 1101a, Pub. L. 89-329, title V, §502, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1496, authorized appropriations for this subchapter, prior to the general revision of this subchapter by Pub. L. 102-325.

#### EFFECTIVE DATE

Subchapter effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### NATIONAL JOB BANK FOR TEACHER RECRUITMENT

Section 1412 of Pub. L. 102-325 provided that:

“(a) **FEASIBILITY STUDY.**—The Secretary of Education is authorized to conduct a study on the feasibility of—

“(1) establishing a clearinghouse to operate a national teacher job bank; or

“(2) establishing regional clearinghouses to operate regional teacher job banks.

“(b) **NATIONAL TEACHER JOB BANK DEMONSTRATION.**—

“(1) **PROGRAM AUTHORIZED.**—The Secretary of Education is authorized to contract with one or more State entities, nonprofit organizations, or institutions of higher education to establish a national or regional teacher job bank clearinghouse which shall—

“(A) assist local educational agencies and private schools in locating qualified applicants for teaching-related positions; and

“(B) help individuals in locating teaching-related jobs or the training necessary to enter the teaching profession or the field of early childhood or preschool education.

“(2) **APPLICATION REQUIRED.**—Each entity desiring to enter into a contract with the Secretary of Education for the establishment of a teacher job bank clearinghouse shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. Each such application shall include—

“(A) a demonstration of the applicant's capacity to efficiently and effectively handle a large volume of inquiries from employers and potential employees;

“(B) a demonstration of support from local educational agencies and private schools and institutions of higher education that are likely to use the services provided by the teacher job bank clearinghouse; and

“(C) a demonstration of ability to provide prospective teachers with information, either directly or by contract with another entity, regarding the certification and licensure requirements of each State which is served by a clearinghouse and information regarding procedures for assisting out-of-State teachers to meet State certification requirements.

“(3) **PRIORITY.**—The Secretary shall give priority to applications submitted pursuant to paragraph (2) which—

“(A) demonstrate the ability to serve a region of the United States and involve the cooperation of several State educational agencies and institutions of higher education; or

“(B) demonstrate an ability to address shortages of teachers, such as teachers from minority groups, special education teachers, bilingual teachers, or individuals planning to teach in subject areas, geographical areas, or types of schools with shortages.

“(c) **USE OF FUNDS.**—Each entity, organization, or institution receiving funds under this section may use such funds to—

“(1) develop, in consultation with local education agencies and other appropriate entities, standardized

initial application forms for teaching jobs and related positions, and standardized forms and procedures for announcing available teaching positions;

“(2) coordinate and assist State and local teacher recruitment efforts;

“(3) publish and disseminate information about opportunities for teacher employment and teacher training;

“(4) maintain a system for matching available teachers with job openings for which they are qualified and for tracking the supply of teachers and the demand for teachers among the States;

“(5) encourage the development of programs to recruit and train minorities and individuals with disabilities to become teachers;

“(6) assist employers in checking the background of applicants;

“(7) publicize the availability of scholarships, loans, and other programs that assist individuals wishing to pursue a teaching career;

“(8) assist employers in the development of effective teacher recruitment programs;

“(9) assist in developing reciprocal agreements on teacher certification among States; and

“(10) conduct such other activities and services necessary to carrying out the purposes of this section in accordance with the provisions of this section.

“(d) **DEFINITION.**—For the purposes of this section, the term ‘teacher’ includes elementary and secondary school classroom teachers, and preschool and early childhood education specialists.

“(e) **AUTHORIZATION.**—There are authorized to be appropriated \$2,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.”

#### TRAINING AND TECHNICAL ASSISTANCE FOR SCHOOL-BASED DECISIONMAKERS DEMONSTRATION PROGRAM

Section 1531 of Pub. L. 102-325 provided that:

“(a) **IN GENERAL.**—The Secretary of Education is authorized to make grants to local education agencies, in consortia with one or more institutions of higher education, to establish programs to provide training and technical assistance to school-based decisionmakers in local education agencies implementing system-wide reform.

“(b) **APPLICATION.**—To be eligible to receive a training and technical assistance demonstration grant under this section, consortia shall submit an application to the Secretary of Education in such form and containing or accompanied by such information as the Secretary may require. A copy of the application shall also be sent to the State educational agency for notification purposes.

“(c) **AUTHORIZATION OF APPROPRIATIONS.**—There are authorized to be appropriated \$1,000,000 for fiscal year 1993 and such sums as may be necessary for fiscal years 1994 and 1995.”

#### PART A—STATE AND LOCAL PROGRAMS FOR TEACHER EXCELLENCE

##### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in section 1103e of this title.

#### § 1102. Authority and allocation of funds; definitions

##### (a) Purpose and authority

###### (1) Purpose

It is the purpose of this part to provide funds to State educational agencies, local educational agencies and institutions of higher education in order to update and improve the skills of classroom teachers, including preschool and early childhood education specialists and school administrators, to establish State academies for teachers and school lead-

ers, and to provide for a comprehensive examination of State requirements for teacher pre-service and certification.

**(2) Program authorized**

The Secretary is authorized to make allotments to State educational agencies for the purposes of enhancing and improving the quality of teaching, including early childhood education, in each of the several States.

**(b) Allotment of funds**

**(1) In general**

From the funds appropriated in each fiscal year pursuant to section 1102j of this title, the Secretary shall allot to each State—

(A) 50 percent of such funds on the basis of the number of individuals in the State aged 5 through 17 compared to the number of all such individuals in all States; and

(B) 50 percent of such funds on the basis of the amount the State receives under sections 2711 and 2712<sup>1</sup> of this title compared to the total amount that all States receive under such sections.

**(2) Allocations from State allotments**

(A)(i) Except as provided in subsection (c) of this section, from the amount allotted to each State in each fiscal year pursuant to paragraph (1) and not reserved pursuant to subparagraph (B)(i), the State education agency shall allocate 50 percent of such amount in accordance with clause (ii) to local educational<sup>2</sup> agencies to carry out the activities described in section 1102b of this title.

(ii) The State educational agency shall allocate 50 percent of the amount allotted to the State in each fiscal year under paragraph (1) so that—

(I) one-half of such amount is allocated to local educational agencies within such State based on the local educational agency's relative share of the enrollments in public schools within the State; and

(II) one-half of such amount is allocated to local educational agencies within such State based on the local educational agency's relative share of the State's allocation of funds under sections 2711 and 2712<sup>1</sup> of this title,

except that any local educational agency that would receive an allocation of less than \$10,000 shall be required to form a consortium with at least one other local educational agency in order to receive an allocation under this part. In making allocations under this part, the State educational agency shall use the most recent data available.

(B)(i) From the amount allotted to each State in each fiscal year pursuant to paragraph (1) the State educational agency shall reserve not more than 3 percent of such funds for the purposes of administering the program under this subchapter, including evaluation and dissemination activities.

(ii) From the amount allotted to each State in each fiscal year under paragraph (1) and not reserved pursuant to clause (i), the State educational agency—

(I) shall reserve not more than 25 percent of such funds to carry out sections 1102c, 1102d, and 1102e of this title; and

(II) shall reserve not more than 25 percent of such funds to award grants to institutions of higher education in accordance with sections 1102f and 1102g of this title.

**(c) Special rule**

Notwithstanding the provisions of subsection (b)(2)(A) of this section, if the amount appropriated to carry out this part for any fiscal year is less than \$250,000,000, then each State educational agency shall use 50 percent of the amount allotted to such State under paragraph (1) and not reserved pursuant to subsection (b)(2)(B)(i) of this section to award grants to local educational agencies on a competitive basis.

**(d) Reallotment**

If a State or local educational agency elects not to receive assistance under this part in any fiscal year or the Secretary determines in any fiscal year that a State or local educational agency will not be able to use all or any portion of the funds available to such State or local educational agency under this part, then the Secretary shall reallot such funds. The Secretary shall reallot such funds in such fiscal year in accordance with the provisions of this part among the States or local educational agencies who are eligible for assistance under this part and are not described in the preceding sentence.

**(e) Definitions**

For purposes of this part—

(1) the term “State” means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, American Samoa, and the Republic of Palau (until the Compact of Free Association takes effect pursuant to section 1931(a) of title 48); and

(2) the term “key academic subjects” means English, mathematics, science, history, geography, foreign languages, civics and government, and economics.

(Pub. L. 89-329, title V, §501, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 655.)

REFERENCES IN TEXT

Sections 2711 and 2712 of this title, referred to in subsec. (b)(1)(B), (2)(A)(ii)(II), were in the original references to sections 1005 and 1006 of the Elementary and Secondary Education Act of 1965, Pub. L. 89-10, and were omitted in the general amendment of that Act by Pub. L. 103-382, title I, §101, Oct. 20, 1994, 108 Stat. 3519.

For Oct. 1, 1994, as the date the Compact of Free Association with the Republic of Palau takes effect, referred to in subsec. (e)(1), see Proc. No. 6726, Sept. 27, 1994, 59 F.R. 49777, set out as a note under section 1931 of Title 48, Territories and Insular Possessions.

PRIOR PROVISIONS

A prior section 1102, Pub. L. 89-329, title V, §512, Nov. 8, 1965, 79 Stat. 1255; Pub. L. 90-35, §3(a)(3), (4), June 29, 1967, 81 Stat. 85; Pub. L. 92-318, title I, §142, June 23, 1972, 86 Stat. 286; Pub. L. 94-482, title I, §151(a)(5)(B), Oct. 12, 1976, 90 Stat. 2152; Pub. L. 96-88, title III, §301(b)(2), title V, §508(l)(3), Oct. 17, 1979, 93 Stat. 677,

<sup>1</sup> See References in Text note below.

<sup>2</sup> So in original. Probably should be “educational”.

694; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to establishment and administration of program, prior to repeal by Pub. L. 97-35, title V, § 587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

A prior section 501 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1495, set forth statement of purpose and applicability of this subchapter and was classified to section 1101 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 501 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1254; Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 82; Pub. L. 92-318, title I, § 141(b)(1), June 23, 1972, 86 Stat. 285, set forth statement of purpose and authorization of appropriations for education professions development program, prior to repeal by Pub. L. 94-482, title I, § 151(a)(2), (b), Oct. 12, 1976, 90 Stat. 2151, eff. Sept. 30, 1976.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1102a, 1102b, 1102c, 1102d, 1102e, 1102f, 1102g of this title.

### § 1102a. State application

#### (a) In general

Any State which desires to receive an allotment under this part shall submit to the Secretary an application which—

(1) designates the State educational agency as the State agency responsible for the administration and supervision of programs assisted under this part;

(2) provides for a process of active discussion and consultation with a committee, convened by the chief State school officer, which is broadly representative of the following educational interests within the State, including—

(A) a representative nominated by each of the following:

- (i) the State teacher organizations;
- (ii) the organizations representing preschool and early childhood education specialists;
- (iii) the State school administrators organization;
- (iv) the State parents organizations;
- (v) the State business organizations; and
- (vi) the State student organizations;

(B) a representative from the State board of education;

(C) a representative of faculty from departments, schools or colleges of education;

(D) other representatives of institutions of higher education, including community colleges;

(E) the State director of vocational education; and

(F) the State director of special education;

(3) describes the competitive process that the State will use to distribute funds among local educational agencies pursuant to section 1102(c) of this title;

(4) describes the process the State will use to conduct the assessment required by section 1102c(c) of this title;

(5) describes how the State will allocate funds among activities required under section 1102c of this title;

(6) with respect to the State academies to be established under sections 1102d and 1102e of this title—

(A) describes the academies to be established under this part and the goals and objectives for each such academy;

(B) describes how the academies assisted under this part shall relate to the overall plan for the attainment of the national education goals by the State;

(C) describes the competitive process that shall be used to select applicants to operate the academies assisted under this part;

(D) assures that the Academies for Teachers shall provide instruction in the key academic subjects;

(E) assures that the State shall continue to operate the academies assisted under this part when Federal funds provided pursuant to this subchapter are no longer available;

(F) assures that Federal funds provided under this part shall not be used for construction of new facilities or substantial remodeling;

(G) assures that the Academies for Teachers shall provide activities designed to enhance the ability of teachers to work with special educational populations, including—

- (i) limited-English proficient children;
- (ii) children with disabilities;
- (iii) economically and educationally disadvantaged children; and
- (iv) gifted and talented children; and

(H) contains such other assurances and information as the Secretary may reasonably require;

(7) describes the competitive process that the State will use to distribute funds among institutions of higher education pursuant to section 1102f of this title;

(8) describes a plan to promote learning among the State educational agency staff in order to support and facilitate systemic improvement of the State educational agency, schools or colleges of education at institutions of higher education, and local educational agencies; and

(9) includes such other information and assurances as the Secretary may require.

#### (b) Functions of committee

The application required by subsection (a) of this section shall identify the procedures by which the committee required by paragraph (2) of such subsection will be engaged in—

(1) ensuring that activities assisted under this part are effective, coordinated with other State, local, and Federal activities and programs, and meet the needs of the State for improving the quality of teaching and teacher education programs, including those programs concerned with preschool education and the training of early childhood education specialists, and school leadership programs;

(2) advising the State on criteria for awarding funds under sections 1102(c), 1102d, 1102e, and 1102f of this title; and

(3) advising the State on criteria for approving local educational agency applications under section 1102b(a) of this title.

#### (c) Evaluation and report

##### (1) Report to Secretary

Each State educational agency receiving an allotment under this part shall evaluate the

work of each academy that is located in the State and assisted under this part every 2 years, including the impact of each academy's programs on participants, and report the findings of such evaluation to the Secretary. The initial report shall be submitted 3 years after funds are first allotted to such State educational agency under section 1102 of this title and subsequent reports shall be submitted every 2 years thereafter. Such report shall also describe the characteristics of the participants and activities provided at each academy assisted under this part.

**(2) Report to Congress**

The Secretary shall submit to the Congress a summary of the reports required under subsection (a) of this section. The initial summary shall be submitted 60 days after the due date of the first report described in subsection (a) of this section and subsequent summaries shall be submitted every 2 years thereafter.

(Pub. L. 89-329, title V, § 502, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 656.)

**PRIOR PROVISIONS**

A prior section 502 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1496, authorized appropriations for this subchapter and was classified to section 1101a of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 502 of Pub. L. 89-329, title V, as added Pub. L. 90-35, § 2(c), June 29, 1967, 81 Stat. 82; amended Pub. L. 91-230, title IV, § 401(h)(4), title VIII, § 802, Apr. 13, 1970, 84 Stat. 174, 190; Pub. L. 92-318, title I, § 141(c)(1)(A), June 23, 1972, 86 Stat. 285, established National Advisory Council on Education Professions Development and set forth functions, composition, etc., of Council and was classified to section 1091a of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

**§ 1102b. Local application and use of funds**

**(a) Local application**

Any local educational agency which desires to receive assistance under section 1102(b)(2)(A) or 1102(c) of this title shall submit to the State educational agency an application which—

(1) describes the needs of such local educational agency with respect to inservice training programs for teachers and preschool and early childhood education specialists pursuant to the assessment conducted under subsection (b)(2)(A) of this section, and, if appropriate, describes the need of such local educational agency for teacher recruitment, business partnerships, outreach to military veterans, and the provision of other opportunities for teachers to improve their skills;

(2) describes the process used to determine such needs, including consultation with teachers, preschool and early childhood specialists, principals, parents, representatives from departments, schools or colleges of education, and others in the community;

(3) describes the activities such agency intends to conduct with the funds provided under section 1102(b)(2)(A) or 1102(c) of this title consistent with the provisions of this section in order to improve the quality of teaching within such agency;

(4) describes the processes and methods used to promote systematic improvement through continual learning in order to achieve agreed upon local, State and National standards; and

(5) any other information that the State educational agency may reasonably require.

**(b) Local uses of funds**

**(1) In general**

Local educational agencies receiving assistance under section 1102(b)(2)(A) or 1102(c) of this title shall use such funds for the inservice training of teachers and, if appropriate, for preschool and early childhood education specialists, and may use funds for—

(A) development of programs to recruit individuals into the teaching profession and the field of early childhood education;

(B) business partnerships;

(C) outreach to military veterans; and

(D) other purposes consistent with improving the quality of teaching in the local educational agency, as approved by the State educational agency.

**(2) Inservice training**

(A) In order to receive assistance under section 1102(b)(2)(A) or 1102(c) of this title, a local educational agency or a consortium of local educational agencies shall first assess the needs of such agency or agencies for inservice training.

(B) Funds expended for inservice training shall be used, in accordance with the assessment conducted under subparagraph (A), for the cost of—

(i) the expansion and improvement of inservice training and retraining of teachers and other appropriate school personnel, including vocational teachers, special education teachers, and preschool teachers, consistent with the assessment conducted under subparagraph (A);

(ii) providing funds for grants for individual teachers within the local educational agency to undertake projects to improve their teaching ability or to improve the instructional materials used in their classrooms;

(iii) activities designed to address the effects of chronic community violence on children, such as violence counseling training for teachers and early childhood specialists, and activities and training aimed at resolving conflicts;

(iv) activities designed to enhance the ability of teachers to work with culturally diverse students;

(v) activities designed to integrate academic and vocational education;

(vi) as appropriate, activities designed to assist teacher participation in a Tech-Prep program under section 2394b of this title, in order to develop the skills of such teachers in activities such as organizational development leadership and interdisciplinary curricula development; and

(vii) other activities consistent with the goals of this part as approved by the State educational agency.

(C) Such activities may be carried out through agreements with institutions of high-

er education, nonprofit organizations, public agencies, and museums.

(D) Activities related to inservice training shall be coordinated with such activities carried out under part A of title II of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6621 et seq.].

### (3) Recruitment of teachers

(A) Local educational agencies receiving assistance under section 1102(b)(2)(A) or 1102(c) of this title may use such assistance—

(i) to establish, operate, or expand programs to encourage and recruit interested individuals to pursue a course of study that will lead to a career in education; and

(ii) to establish, operate, or expand a program where such agency recruits students currently enrolled in a school in the local educational agency to be teachers or early childhood education specialists.

(B) Activities under this paragraph may include—

(i) academic and career counseling of and support services for students;

(ii) programs in which students act as tutors while they are enrolled in schools in the local educational agency;

(iii) programs in which students enrolled in institutions of higher education and other individuals tutor students within schools in the local educational agency;

(iv) information and recruitment efforts to attract individuals into the teaching profession; and

(v) programs to support early childhood education efforts at the preschool and school level.

(C) In conducting programs under this paragraph, local educational agencies shall place a priority on recruiting students and individuals from minority groups.

(D) Local educational agencies may conduct programs under this paragraph in consortia with institutions of higher education.

### (4) Business partnerships

Local educational agencies receiving assistance under section 1102(b)(2)(A) or 1102(c) of this title may use such assistance to establish partnerships with representatives of the business community to sponsor—

(A) programs which allow representatives of local business or firms to go into the classroom and work with the classroom teacher to provide instruction in subject areas where the expertise of the teacher could be supplemented, especially in the subject areas of mathematics, science, and vocational and technology education training;

(B) internship programs which provide an opportunity for classroom teachers to work in local businesses or firms to gain practical experience or to develop new skills or expertise;

(C) programs which bring students and teachers into business settings to see applications of course work and in specialized areas, and to learn to use advanced technical equipment;

(D) programs which allow representatives of local businesses and firms to work with

school administrators to develop instructional material; and

(E) other activities appropriate to forming a working relationship between business leaders and classroom leaders.

### (5) Outreach to military veterans

Local educational agencies receiving assistance under section 1102(b)(2)(A) or 1102(c) of this title may use such assistance to establish programs to inform United States military veterans of teaching opportunities and to provide assistance in the establishment of teaching opportunities for such veterans by—

(A) planning and implementing informational and outreach programs leading to the development of programs specifically designed to inform United States military veterans about teaching opportunities and the qualifications necessary for such opportunities;

(B) planning and implementing programs leading to the creation of teaching opportunities for such veterans;

(C) supporting programs to assist such veterans to meet the qualifications to become teachers;

(D) disseminating information on the program described in this paragraph and on sources of student financial assistance available under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 and under programs administered by the Department of Veterans Affairs and other Federal agencies; and

(E) making scholarships available to such military veterans under the same terms and conditions specified in subpart 1 of part C of this subchapter.

(Pub. L. 89-329, title V, § 503, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 658.)

#### REFERENCES IN TEXT

The Elementary and Secondary Education Act of 1965, referred to in subsec. (b)(2)(D), is Pub. L. 89-10, Apr. 11, 1965, 79 Stat. 27, as amended generally by Pub. L. 103-382, title I, § 101, Oct. 20, 1994, 108 Stat. 3519. Part A of title II of the Act is classified generally to part A (§ 6621 et seq.) of subchapter II of chapter 70 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6301 of this title and Tables.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1102, 1102a, 1102c of this title.

### § 1102c. State uses of funds

#### (a) In general

Each State educational agency receiving funds reserved pursuant to section 1102(b)(2)(B)(ii)(I) of this title shall use such funds—

(1) first, to conduct a study of teacher education programs within such State, as required under subsection (c) of this section; and

(2) secondly, for—

(A) the establishment of State Academies for Teachers under section 1102d of this title;

(B) the establishment of State Academies for School Leaders under section 1102e of this title; and



(C) activities directly related to the implementation of the teacher education study required under subsection (c) of this section.

**(b) Special rule**

If a State educational agency can demonstrate that the amount of funds reserved pursuant to section 1102(b)(2)(B)(ii)(I) of this title is insufficient to establish one State academy, then the State educational agency shall distribute such funds to local educational agencies in accordance with section 1102(b)(2)(A) or 1102(c) of this title to carry out the activities described in section 1102b(b) of this title.

**(c) Teacher education study**

**(1) Study required**

Each State educational agency receiving funds under this part shall, in consultation with institutions of higher education, local educational agencies, teachers, parents, the State legislature, the State board of education, and business, undertake a study of—

(A) teacher education programs and State teacher professional development requirements, including programs and requirements intended to train preschool and early childhood education specialists; and

(B) the State laws and regulations relating to such programs and requirements, including any standards or requirements for certification and licensure,

in order to determine if such programs and requirements are adequately preparing teachers to effectively educate students.

**(2) Considerations**

Such study shall consider whether such programs or requirements—

(A) would be improved if teacher education programs were required to coordinate courses with other departments on campus in order to provide prospective teachers with a strong background in their subject matter;

(B) integrate academic and vocational education instruction;

(C) give enough flexibility in order to allow experimentation and innovation;

(D) would be improved if such programs provided preparation for students desiring to become teachers, but who are pursuing a bachelor's degree in an area of study other than education;

(E) would be improved if teacher certification required a bachelor's degree in a subject area and a master's degree in education; and

(F) would be improved if institutions of higher education that have developed innovative materials and curricula for inservice training were required to incorporate these improvements into their preservice programs.

**(3) Deadlines**

(A) Such study shall be completed by two years from the end of the first fiscal year in which funding was made available for this part. The results of such study shall be reported to the Secretary. In submitting the report to the Secretary, the State educational agency shall include in the report the most

successful practices used to enhance the profession of teaching. The Secretary may disseminate such successful practices in order to assist other States in their efforts to enhance the profession of teaching.

(B) Except as provided in paragraph (4), beginning in the third fiscal year for which funding under this part is available, State educational agencies shall use all funds provided under section 1102(b)(2)(B)(ii)(I) of this title which are not allotted for State Academies for Teachers and State Academies for School Leaders—

(i) to implement the program and policy changes resulting from the findings of such study; and

(ii) to assist schools and programs of education throughout the State in meeting any new requirements that result from such study.

(C) The State educational agency shall award grants pursuant to section 1102f(b)(9) of this title to institutions of higher education to implement the programs and policy changes resulting from the findings of such study.

**(4) Waiver**

If a State demonstrates to the Secretary that it has completed a study comparable to the study required by this subsection within the previous 5 years prior to the fiscal year for which funds are first made available under this part, then the Secretary may waive the requirements of this subsection. States receiving a waiver shall use funds provided under section 1102(b)(2)(B)(ii)(I) of this title to implement the program and policy changes resulting from the findings of such study. If the State can demonstrate to the Secretary that such program and policy changes have been implemented, then the State shall use funds provided under section 1102(b)(2)(B)(ii)(I) of this title to carry out the activities authorized under sections 1102d and 1102e of this title.

(Pub. L. 89-329, title V, §504, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 661.)

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1102, 1102a, 1102d, 1102f of this title.

**§ 1102d. State Academies for teachers**

**(a) Purpose; definitions**

**(1) Purpose**

It is the purpose of this section to improve elementary and secondary school teacher subject matter knowledge and teaching skills in each of the key academic subjects by establishing one or more Academies in the key academic subjects in every State.

**(2) Definitions**

For purposes of this section—

(A) the term “Academy” means a course of instruction and related activities to increase a teacher's knowledge of a specific subject area, a teacher's ability to impart such knowledge to students, and a teacher's ability to address any other issue described in this section, except that such term—

- (i) does not mean a physical facility; and
- (ii) does not require a separate location from another Academy or other training program; and

(B) the term “eligible entity” means a local educational agency, an institution of higher education, a museum, a private non-profit educational organization of demonstrated effectiveness, or a consortium of any 2 or more of such entities.

#### **(b) Application required**

##### **(1) In general**

Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State may reasonably require.

##### **(2) Contents**

Each application submitted pursuant to paragraph (1) shall describe—

- (A) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;
- (B) the curriculum to be used or developed by the Academy;
- (C) steps to be taken to recruit teachers for the Academy’s program, including outreach efforts to identify and attract—
  - (i) minority group members;
  - (ii) individuals with disabilities;
  - (iii) individuals from areas with large numbers or concentrations of disadvantaged students; and
  - (iv) other teachers with the potential to serve as mentor teachers;
- (D) steps to be taken to ensure that faculty members teaching at the Academy shall be of exceptional ability and experience, including outreach efforts to identify and attract as faculty members—
  - (i) minority group members;
  - (ii) individuals with disabilities; and
  - (iii) individuals from areas with large numbers or concentrations of disadvantaged students;
- (E) efforts to be undertaken to disseminate information about the Academy;
- (F) selection criteria to be used in identifying teachers to participate in the Academy;
- (G) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants’ knowledge; and
- (H) efforts to be undertaken to evaluate the impact of the Academy on participants.

#### **(c) Use of allotted funds**

##### **(1) Grants**

Each State educational agency receiving an allotment under this part shall use the funds reserved pursuant to section 1102(b)(2)(B)(ii)(I) of this title to award one or more competitive grants to eligible entities to enable such eligible entities to operate an Academy in accordance with the provisions of this section.

#### **(2) Coordination of activities**

To the extent practicable, such academies shall coordinate efforts with teacher inservice activities of local educational agencies.

#### **(3) Combination of resources**

Each State educational agency receiving an allotment under this part may combine the funds reserved pursuant to section 1102(b)(2)(B)(ii)(I) of this title with such funds reserved by another State educational agency to operate academies assisted under this part on a multistate or regional basis.

#### **(4) Costs**

Each eligible entity receiving a grant under this section shall use such funds to meet the operating costs of carrying out the activities described in subsection (d) of this section, which may include reasonable startup and initial operating costs, and costs associated with release time, stipends, travel, and living expenses for teachers who participate in the Academy’s program if no other funds are available to pay such costs.

#### **(d) Authorized activities**

Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

- (1) renewal and enhancement of participants’ knowledge in key academic subjects;
- (2) skills and strategies to improve academic achievement of students, especially students who are educationally disadvantaged, are limited-English proficient, are drug- or alcohol-exposed, or have disabilities;
- (3) improved teaching and classroom management skills;
- (4) techniques for the integration of academic and vocational subject matter, including the application of such techniques in tech/prep education programs;
- (5) the use of educational technologies in teaching the key academic subjects;
- (6) training needed to participate in curriculum development in a key academic subject;
- (7) training in the development and use of assessment tools;
- (8) review of existing teacher enhancement programs to identify the most promising approaches;
- (9) development of a curriculum for use by the Academy;
- (10) follow-up activities for previous participants;
- (11) dissemination of information about the Academy, including the training curricula developed; and
- (12) any other activities proposed by the applicant and approved by the State educational agency.

#### **(e) Cost sharing**

Funds received for this section may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this section, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining

share shall be provided from non-Federal sources, and may be in cash or in-kind contributions, fairly valued.

**(f) Special rules**

**(1) Uses of funds**

**(A) Key academic subjects**

At least 70 percent of funds received for this section shall be used for enhancement of participant knowledge in key academic subjects.

**(B) Other subjects**

At least 20 percent of the funds received for this section shall be used for enhancement of participant knowledge in areas not related to academic subjects.

**(2) Special rule**

In awarding grants under this section the State educational agency may provide for training in 2 or more key academic subjects at a single site.

**(3) Additional academies or awards**

If a State can demonstrate that the State's need for academies in key academic subjects has been met, and if the State can demonstrate that it is implementing the findings of the teacher education study described in section 1102c(c) of this title, then the State may use a portion of the amount reserved pursuant to section 1102(b)(2)(B)(i)(I) of this title to establish one or more of the following academies or awards:

**(A) Early childhood academies**

A State educational agency may establish an academy aimed at early childhood education training. Such an academy shall give a priority to recruiting candidates from underrepresented groups in the early childhood education profession and shall provide intensive childhood training in violence counseling.

**(B) Tech-prep academies**

A State educational agency may establish an academy for—

(i) assisting educators in secondary schools and community colleges to more effectively understand organizational structures and organizational change strategies;

(ii) assisting educators to learn effective peer leadership strategies;

(iii) assisting secondary school teachers and community college faculty to identify the knowledge and skills required in highly technical industries and workplaces;

(iv) assisting secondary school teachers and community college faculty to apply creative strategies to the development of interdisciplinary curricula; and

(v) assisting educators in integrating academic and vocational education.

**(C) Teacher awards**

(i) A State educational agency may make awards to State Academies for Teachers to provide for a program of cash awards and recognition to outstanding teachers in the key academic subject or subjects covered by the program of the Academy.

(ii) Any full-time public or private elementary or secondary school teacher of a key academic subject or vocational and technology education subject, including an elementary school teacher of the general curriculum, shall be eligible to receive an award under this subparagraph.

(iii) The amount of a teacher's award under this subparagraph shall not exceed \$5,000 and shall be available for any purpose the recipient chooses.

(iv) Each Academy receiving an award under clause (i) of this subparagraph shall select teachers to receive awards from nominations received from local educational agencies, public and private elementary and secondary schools, teachers, associations of teachers, parents, associations of parents and teachers, businesses, business groups, and student groups.

(v) The Academy shall select award recipients under this subparagraph in accordance with criteria developed by the Academy and approved by the State educational agency. The selection criteria may take into account teacher's success in—

(I) educating disadvantaged children and children with disabilities;

(II) educating gifted and talented children;

(III) encouraging students to enroll, and succeed, in advanced classes in a key academic subject or vocational and technology education subject;

(IV) teaching a key academic subject or vocational and technology education subject successfully in schools educating large numbers of educationally disadvantaged students, including schools in low-income inner-city or rural areas;

(V) introducing a new curriculum in a key academic subject into a school or strengthening an established curriculum;

(VI) acting as a master teacher; and

(VII) other criteria as developed by the Academies and approved by the State educational agency.

(Pub. L. 89-329, title V, §505, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 663; amended Pub. L. 103-208, §2(j)(1), Dec. 20, 1993, 107 Stat. 2480.)

AMENDMENTS

1993—Subsec. (b)(2)(D)(iii). Pub. L. 103-208 substituted semicolon for period at end.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1102, 1102a, 1102c, 1102e of this title.

**§ 1102e. State Academies for school leaders**

**(a) Purpose; definitions**

**(1) Purpose**

It is the purpose of this section to improve the training and performance of school prin-

cipals and other school leaders and to increase the number of persons who are highly trained to be principals and school leaders by establishing an Academy for current and prospective school leaders in every State.

**(2) Definitions**

For the purpose of this section—

(A) the term “Academy” means a course of instruction and related activities to increase a school leader’s knowledge of the tools and techniques of school management and leadership, and such leader’s ability to exercise such tools and techniques in the school setting, and may include a course of instruction for school district level system leaders separately or in combination with school leaders and teachers, except that such term—

- (i) does not mean a physical facility; and
- (ii) does not require a separate location from another Academy or other training program; and

(B) the term “eligible entity” means a technical assistance center assisted under subpart 2<sup>1</sup> of part C of this subchapter of this chapter as such chapter was in effect on the day before July 23, 1992, a local educational agency, an institution of higher education, a museum, a private nonprofit educational organization of demonstrated effectiveness, or a consortium of any 2 or more such entities.

**(b) Application required**

**(1) In general**

(A) Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner and accompanied by such information as the State may reasonably require. Such Academy may be operated in cooperation or consortium with an Academy of another State.

(B) A priority for awards shall be given to entities who received funds under subpart 2<sup>1</sup> of part C of this subchapter as in effect on September 30, 1991.

**(2) Contents**

Each application submitted pursuant to paragraph (1) shall describe—

- (A) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches its goals;
- (B) the curriculum to be used or developed by the Academy;
- (C) the steps to be taken to recruit school leaders for the Academy’s program, including outreach efforts to identify and attract—
  - (i) minority group members;
  - (ii) individuals with disabilities;
  - (iii) individuals from areas with large numbers or concentrations of disadvantaged students; and
  - (iv) other individuals with potential to become school leaders;
- (D) efforts to be taken to disseminate information about the Academy;
- (E) selection criteria to be used in identifying school leaders to participate in the Academy;

(F) steps to be taken to assure that the programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants’ knowledge;

(G) steps to be taken to assure the involvement of private sector managers and executives from businesses in the conduct of the Academy’s programs; and

(H) efforts to be undertaken to evaluate the impact of the Academy on participants.

**(c) Use of allotted funds**

**(1) Grants**

Each State educational agency receiving an allotment under this part shall use the funds reserved pursuant to section 1102(b)(2)(B)(ii)(I) of this title to award a competitive grant to an eligible entity to enable such eligible entity to operate an Academy in accordance with the provisions of this subpart.

**(2) Costs**

Each eligible entity receiving a grant under this section shall use such funds to meet the costs of carrying out the activities described in subsection (d) of this section, which may include reasonable startup and initial operating costs, and stipends, travel, and living expenses for participants in the Academy if no other funds are available to pay such costs.

**(3) Limitations**

**(A) Participants**

At least 70 percent of the participants in an Academy shall be from the school building level.

**(B) Special rule**

In awarding grants under this section, the State educational agency may provide for the location at the same site of Academies assisted under this section and Academies assisted under section 1102d of this title.

**(d) Authorized activities**

Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

- (1) developing and enhancing of participants’ knowledge in instructional leadership, school-based management, shared decisionmaking, school improvement strategies and school-level accountability mechanisms;
- (2) identifying candidates, including members of minority groups, individuals with disabilities, and individuals from schools with high numbers or concentrations of educationally disadvantaged students and individuals who are bilingual, to be trained as new school leaders;
- (3) conducting programs which provide for the involvement of private sector managers and executives from businesses;
- (4) identifying models and methods of leadership training and development that are promising or have proven to be successful;
- (5) providing intensive training and development programs for current school leaders seeking enhanced and up-to-date knowledge needed to perform their jobs effectively;
- (6) identifying local educational agencies and schools with principal and other school

<sup>1</sup> See References in Text note below.

leader vacancies and working with such agencies and schools to match Academy participants with such vacancies;

(7) facilitating internships for graduates of the program for new school leaders, under the guidance and supervision of experienced administrators;

(8) providing periodic follow-up development activities for school leaders trained through the Academy's programs;

(9) disseminating information about the Academy, including the training curricula developed;

(10) coordinating activities with those of any State Academies for Teachers established in the State; and

(11) any other activity proposed by the applicant in the application submitted pursuant to subsection (b) of this section and approved by the State educational agency.

#### (e) Cost-sharing

Funds received under this section may be used to pay not more than 75 percent of the cost of operating an Academy in the first year an eligible entity receives a grant under this subpart, 65 percent of such cost in such second year, 55 percent of such cost in such third year, 45 percent of such cost in such fourth year, and 35 percent of such cost in such fifth year. The remaining share shall be provided from non-Federal sources, and be in cash or in kind, fairly valued.

(Pub. L. 89-329, title V, §506, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 666.)

#### REFERENCES IN TEXT

Subpart 2 of part C of this subchapter of this chapter as such chapter was in effect on the day before July 23, 1992, and subpart 2 of part C of this subchapter as in effect on September 30, 1991, referred to in subsecs. (a)(2)(B) and (b)(1)(B), respectively, were classified to section 1109 et seq. of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1102, 1102a, 1102c of this title.

### § 1102f. Institutions of higher education uses of funds

#### (a) Applications

Institutions of higher education desiring to receive a grant under section 1102(b)(2)(B)(ii)(II) of this title shall submit to the State educational agency an application which—

(1) describes the types of activities that the institution plans to undertake with funds provided;

(2) describes the process used by the institution to determine the State's needs for improving teacher education and training for preschool and early childhood education specialists, including consulting with current students, teachers, representatives from local educational agencies, parents, and representatives from preschool and early childhood specialists;

(3) if such institution is applying for a grant to assist local educational agencies in providing inservice training for teachers, describes

the training and services that such institution plans to provide for teachers within the local educational agency and demonstrates that such training and services are consistent with the needs of the local educational agencies to be served;

(4) if such institution is applying for a grant to establish a professional development academy, contains the information required pursuant to section 1102g of this title;

(5) describes how the institution plans to integrate academic and vocational teacher education programs; and

(6) contains any other information that may be required by the State educational agency.

#### (b) Awards

The State educational agency shall award grants on a competitive basis to institutions of higher education that have departments, schools, or colleges of education. In awarding grants, the State educational agency shall award funds for the following purposes:

(1) For the establishment of professional development academies pursuant to section 1102g of this title.

(2) For the establishment and maintenance of programs that provide teacher training to individuals who are moving to a career in education from another occupation.

(3) For institutions of higher education in consultation and cooperation with a local educational agency or a consortium of local educational agencies, to develop and provide technical assistance to local education agencies in providing inservice training for teachers.

(4) For improving teacher education programs in order to further innovation in teacher education programs within an institution of higher education and to better meet the needs of the local educational agencies for well-prepared teachers.

(5) For improving training for preschool and early childhood education specialists, including preschool and early intervention services for infants and toddlers with disabilities, in order to further innovation in such programs with institutions of higher education and to better meet the needs of preschool and early childhood education programs for well-prepared personnel.

(6) To integrate the instruction of academic and vocational teacher education programs.

(7) For activities to encourage individuals, especially individuals from minority groups, to pursue a career in education.

(8) For expanding cooperative educational programs between State educational agencies and offices, schools, and school systems, institutions of higher education, appropriate educational entities, and private sector establishments involved in education between the United States and the Republic of Mexico for the purpose of providing bilateral teaching initiatives and programs that provide teacher training experiences between the educational communities of the United States and those of the Republic of Mexico and to enhance mutually beneficial educational activities involving researchers, scholars, faculty members, teachers, educational administrators, and other spe-

cialists to lecture, teach, conduct research, and develop cooperative programs.

(9) When the study of teacher education programs is completed in accordance with section 1102c(c) of this title, to implement the program and policy changes for teacher education programs resulting from the findings of such study.

(Pub. L. 89-329, title V, § 507, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 669.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1102, 1102a, 1102c of this title.

### § 1102g. Professional development academies

#### (a) Authority; definitions

##### (1) Authority

From amounts reserved pursuant to section 1102(b)(2)(B)(ii)(II) of this title, the State educational agency is authorized to make grants to, and enter into contracts and cooperative agreements with, eligible entities to plan, establish, and operate professional development academies.

##### (2) Definitions

For purposes of this section—

(A) the term “Academy” means school-based teacher training operated as a partnership between one or more elementary or secondary schools and one or more institutions of higher education that provides prospective and novice teachers an opportunity to work under the guidance of master teachers and college faculty members. Such Academy shall be established for the purpose of—

- (i) the training of prospective and novice teachers (including preschool and early childhood education specialists, where appropriate) under the guidance of master teachers and teacher educators;
- (ii) the continuing development of experienced teachers;
- (iii) research and development to improve teaching and learning and the organization of schools;
- (iv) public demonstration of exemplary learning programs for diverse students; and
- (v) dissemination of knowledge produced in the research and development process;

except that such term—

- (i) does not mean a physical facility; and
- (ii) does not require a separate location from another Academy or other training program; and

(B) the term “eligible entity” means a partnership that includes one or more local educational agencies and one or more institutions of higher education and may include teachers and the business community.

#### (b) Awards and renewals

An award made under this section may be in the form of a one-year planning grant. Such award may be renewed for implementation purposes without further competition annually for 4 additional years, upon submission of an eval-

uation of the project to the State educational agency and assurances that the recipient—

- (1) has achieved the goals set out in its application for the original term;
- (2) shows promise of continuing its progress;
- (3) will meet its share of the project costs; and
- (4) has developed a plan for continuing the Academy after Federal funding is no longer available.

#### (c) Application required

##### (1) In general

Each eligible entity desiring to operate an Academy under this section shall submit an application to the State educational agency at such time, in such manner, and accompanied by such information as the State educational agency may reasonably require.

##### (2) Contents

Each application submitted pursuant to subsection (a) of this section shall describe—

(A) what schools within the local educational agency and what institutions of higher education shall participate in the partnership or otherwise participate in the program;

(B) the goals of the Academy and the steps that shall be taken to evaluate the extent to which the Academy reaches such goals;

(C) a plan for monitoring progress and evaluating the effectiveness of the Academy in meeting the goals it has developed for teacher and student performance;

(D) a description of the partnership’s plan for systemic change in education, and a description of the activities and services for which assistance is sought;

(E) ways in which the professional development programs shall cover course content in key academic subjects, methods of instruction, and classroom and school-based management skills;

(F) plans to involve prospective and novice teachers in the programs offered by the Academy, including outreach efforts to identify and attract—

- (i) minority group members;
- (ii) individuals with disabilities; and
- (iii) individuals from areas with large numbers or concentrations of disadvantaged students; and

(G) estimates of the number of prospective and beginning teachers to be trained in the Academy in each year of the project and assurances that a significant number of prospective and beginning teachers will be trained in the Academy in each year of the project.

##### (3) Assurances

Each application submitted pursuant to this subsection shall contain assurances that—

(A) professional development programs at the Academy shall be designed and conducted by faculty members from institutions of higher education and teachers from local schools of demonstrated excellence;

(B) in establishing the Academy, the applicant has consulted with teachers, adminis-

trators, and parents who will be affected at the teaching school site;

(C) participating faculty from institutions of higher education shall include faculty members who are experts in the key academic subjects; and

(D) the activities, services and programs offered by the Academy shall be of sufficient length and comprehensiveness to significantly improve participants' knowledge.

#### (4) Priorities

In making awards under this part, the State educational agency shall give priority to applicants that—

(A) select Academy sites based on need, as evidenced by such measures as a high rate of teacher attrition or a high proportion of the student body at risk of educational failure;

(B) propose projects that demonstrate the strong commitment to or previous active support for educational innovation;

(C) propose projects that demonstrate collaboration with other educational organizations, social or human service agencies, other community organizations, and the business community in the teaching school's operation;

(D) demonstrate potential for a significant impact on the quality of the future education work force; and

(E) demonstrate the long-term feasibility of the partnership.

#### (5) Special rules

Each such application shall describe—

(A) how the local educational agency will address the need to change or waive a local rule or regulation that is found by an Academy to impede the school's progress in achieving its goals; and

(B) how partners that are institutions of higher education will involve the School of Education, the School of Arts and Sciences, and the School of Technology or Engineering and any other department of the institution.

### (d) Use of allotted funds

#### (1) Permitted uses

Each eligible entity receiving a grant under this section shall use such funds to meet the operating costs of carrying out the activities described in subsection (e) of this section, which may include reasonable startup and initial operating costs, staff development, purchase of books, materials, and equipment, including new technology, costs associated with release time, payment of personnel directly related to the operation of the Academy, and participation in the activities of a network of Academies.

#### (2) Limitations

The Secretary may limit the amounts of funds that may be used for minor remodeling and the purchase of equipment under this part.

### (e) Authorized activities

Each eligible entity receiving a grant to operate an Academy under this section may use such grant funds for—

(1) training and internship activities for prospective or novice teachers in a school setting under the guidance of master or mentor teachers and faculty from institutions of higher education, especially faculty who are experts in key academic subjects;

(2) mentoring and induction activities for prospective and novice teachers, including such teachers seeking to enter teaching through alternative routes;

(3) participation of experienced teachers in the internship training and assessment of prospective and beginning teachers;

(4) teaching skills and strategies to increase the ability of prospective, novice and experienced teachers to teach disadvantaged students, students with disabilities (including students with severe and multiple disabilities and students with lesser known or newly emerging disabilities), students who are limited-English proficient, and students from diverse cultural backgrounds;

(5) programs to enhance teaching and classroom management skills, including school-based management skills, of novice, prospective and experienced teachers;

(6) experimentation and research to improve teaching and learning conducted in the Academy by teachers and university faculty;

(7) activities to integrate academic and vocational education;

(8) training and other activities to promote the continued learning of experienced teachers, especially in their subject matter knowledge and how to teach it;

(9) participation of expert practicing teachers and administrators in the university-based education studies of prospective teachers;

(10) activities designed to disseminate information about the teaching strategies acquired through the Academy with other teachers in the district's schools;

(11) organizational restructuring, including the introduction of new roles and staffing patterns in the school and university;

(12) activities intended to address the effects of chronic community violence, such as violence counseling and conflict resolution training; and

(13) other activities proposed by the applicant and approved by the Secretary.

### (f) Cost-sharing

Funds received under this section may be used to pay 100 percent of the cost of a planning grant and not more than 75 percent of the cost of operating an Academy in the first 2 years an eligible entity receives a grant under this subpart and not more than 50 percent of such cost in such third and fourth years. The remaining share shall be provided from non-Federal sources, and may be in-kind, fairly valued.

(Pub. L. 89-329, title V, § 508, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 670.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1102, 1102f of this title.

**§ 1102h. Federal funds to supplement, not supplant regular non-Federal funds**

A State educational agency, local educational agency, or institution of higher education may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the uses of funds under this part and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

(Pub. L. 89-329, title V, § 509, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 673.)

**§ 1102i. Coordination with other programs**

The State educational agency shall ensure that activities conducted under this part shall be consistent with the goals and objectives of any Federal or State systemic educational reform activities.

(Pub. L. 89-329, title V, § 510, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 673.)

**§ 1102j. Authorization of appropriations**

There are authorized to be appropriated to carry out this part \$350,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title V, § 510A, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 674.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1102 of this title.

PART B—NATIONAL TEACHER ACADEMIES

**§ 1103. Program established**

**(a) In general**

The Secretary is authorized, in accordance with the provisions of this part, to make grants to eligible recipients to establish and operate National Teacher Academies.

**(b) Subject areas and staff**

**(1) Subject areas**

At least 1 but not more than 3 National Teacher Academies shall be established in each of the following subject areas commonly taught in elementary and secondary schools:

- (A) English.
- (B) Mathematics.
- (C) Science.
- (D) History.
- (E) Geography.
- (F) Civics and government.
- (G) Foreign languages.

**(2) Staff**

Academy staff shall be selected from the most accomplished and prominent scholars in the relevant fields of study and in the methodologies which improve the skills of persons who teach in such fields of study.

**(c) Duration of grant**

Each grant to establish and operate a National Teacher Academy shall be for a period of 3 years, and is renewable.

**(d) Competitive grant awards**

The Secretary shall award grants under this part on a competitive basis.

**(e) Consistency with systemic reforms**

In awarding grants under this part, the Secretary shall ensure that activities conducted under this part are consistent with the goals and objectives of other Federal or State systemic educational reform activities.

(Pub. L. 89-329, title V, § 511, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 674.)

PRIOR PROVISIONS

A prior section 1103, Pub. L. 89-329, title V, § 511, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1496, set forth statement of purpose for part A relating to midcareer teacher training for nontraditional students, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1103, Pub. L. 89-329, title V, § 513, Nov. 8, 1965, 79 Stat. 1256; Pub. L. 90-35, § 3(a)(3), (c)-(f), June 29, 1967, 81 Stat. 85, 86; Pub. L. 91-230, title VIII, §§ 803, 804(c), (d), 805(b), Apr. 13, 1970, 84 Stat. 190, 191; Pub. L. 93-380, title VIII, § 835(a)(2), (3), Aug. 21, 1974, 88 Stat. 605; Pub. L. 94-482, title I, §§ 151(a)(5)(C), 152(b)-(d), Oct. 12, 1976, 90 Stat. 2152, 2153; Pub. L. 96-374, title V, § 502(a)-(d), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1459, 1503, related to recruitment, enrollment, training, etc., of members for program, prior to repeal by Pub. L. 97-35, title V, § 587(a)(2), Aug. 13, 1981, 95 Stat. 480.

A prior section 511 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1255, as amended, set forth statement of purpose and authorization of appropriations for the Teacher Corps program and was classified to section 1101 of this title, prior to repeal by Pub. L. 97-35, title V, § 587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1103g of this title.

**§ 1103a. Eligible recipients**

**(a) In general**

For the purposes of this part, the term “eligible recipient” means—

- (1) an institution of higher education;
- (2) a private nonprofit educational organization of demonstrated effectiveness; or
- (3) a combination of the institutions or organizations set forth in paragraphs (1) and (2) of this paragraph.

**(b) Expertise requirements**

The Secretary shall only award grants to eligible recipients that have demonstrated expertise in the—

- (1) subject area of the National Teacher Academy to be established and operated; and
- (2) in-service training of teachers at the national, State, and local levels.

(Pub. L. 89-329, title V, § 512, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 674.)

PRIOR PROVISIONS

A prior section 1103a, Pub. L. 89-329, title V, § 512, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1496, related to selection procedures for grants to institutions offering midcareer teacher training for nontraditional students, prior to the general revision of this subchapter by Pub. L. 102-325.



A prior section 512 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1255, as amended, related to establishment and administration of the program and was classified to section 1102 of this title, prior to repeal by Pub. L. 97-35, title V, § 587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

### § 1103b. Use of funds

#### (a) In general

Funds provided pursuant to this part shall be used to—

(1) provide in-service training programs for teachers and administrators, including—

(A) programs which emphasize improving the teachers' knowledge in the particular subject area of the National Teacher Academy;

(B) programs which integrate knowledge of subject matter with techniques for communicating that knowledge to students, including students who are disadvantaged, limited-English proficient, drug- or alcohol-exposed, or who have disabilities;

(C) the use of the most recent applied research findings concerning education and the classroom; and

(D) integration of materials from different disciplines into classroom instruction, especially for elementary school teachers;

(2) conduct each year at least one summer institute of at least 3 weeks duration for the State delegations described in section 1103d of this title; and

(3) provide support services to the State Academies for Teachers, including—

(A) the establishment of a national network of individuals to assist in teacher education programs in State Academies for Teachers;

(B) consultation assistance in the design and implementation of in-service teacher training programs; and

(C) monthly newsletters or other methods of communicating useful information.

#### (b) Administrative costs

Not more than 10 percent of the amount of funds received under this part may be used by an eligible recipient for administrative costs.

(Pub. L. 89-329, title V, § 513, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 674.)

#### PRIOR PROVISIONS

A prior section 1103b, Pub. L. 89-329, title V, § 513, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1497, related to review of applications for grants, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 513 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1256, as amended, related to recruitment, enrollment, training, etc., of members for program and was classified to section 1103 of this title, prior to repeal by Pub. L. 97-35, title V, § 587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

### § 1103c. Application

#### (a) Application

Each eligible recipient desiring a grant under this part shall submit an application to the Secretary at such time and in such manner as the Secretary may reasonably require.

#### (b) Contents

Each application submitted pursuant to subsection (a) of this section shall—

(1) describe the activities, services, and programs for which assistance is sought;

(2) describe how at least 70 percent of the National Teacher Academy's time shall be devoted to basic course content relevant to the particular subject field and necessary for improving the quality of teaching in public and private elementary and secondary schools;

(3) describe how not more than 30 percent of the National Teacher Academy's time shall be devoted to methods of instruction relevant to the particular subject field;

(4) describe how the National Teacher Academy's activities will be coordinated with or administered cooperatively with institutes established by other Federal entities, such as the National Science Foundation and the National Endowment for the Humanities; and

(5) provide such additional assurances or information as the Secretary may reasonably require.

(Pub. L. 89-329, title V, § 514, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 675.)

#### PRIOR PROVISIONS

A prior section 1103c, Pub. L. 89-329, title V, § 514, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1497, related to amount of grants to institutions offering midcareer teacher training for nontraditional students, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 514 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1257, as amended, set forth provisions respecting compensation of program members and was classified to section 1104 of this title, prior to repeal by Pub. L. 97-35, title V, § 587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

### § 1103d. State delegations

#### (a) In general

Each selection panel established pursuant to section 1103e(b) of this title shall select a State delegation to participate in each National Teacher Academy assisted under this part.

#### (b) Composition

##### (1) In general

Except as provided in paragraphs (2) and (3), each State delegation described in subsection (a) of this section shall, at a minimum, be composed of—

(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

(B) at least 5 teachers, of whom at least 2 shall be elementary school teachers.

##### (2) Special rule

The State delegations for the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa and the Republic of Palau (until the Compact of Free Association is ratified) shall, at a minimum, be composed of—

(A) 1 school administrator with authority to design and conduct in-service teacher training and academic programs; and

(B) at least 3 teachers, of whom at least 1 shall be an elementary school teacher.

**(3) Additional teachers**

(A) Each State that has obtained the approval of the appropriate National Teacher Academy may send to such National Teacher Academy the number of additional teachers determined in accordance with subparagraph (B).

(B) The appropriate National Teacher Academy shall determine the number of additional teachers to attend such National Teacher Academy on the basis of the number of full-time equivalent teachers in the State compared to such number in all States.

**(c) Duties**

Each State delegation shall—

(1) attend the appropriate subject area summer institute at the appropriate National Teacher Academy; and

(2) after participation in the National Teacher Academy assist in the development and operation of the appropriate National Teacher Academy.

(Pub. L. 89-329, title V, §515, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 676.)

REFERENCES IN TEXT

For ratification of Compact of Free Association with the Republic of Palau, referred to in subsec. (b)(2), see Proc. No. 6726, Sept. 27, 1994, 59 F.R. 49777, set out as a note under section 1931 of Title 48, Territories and Insular Possessions.

PRIOR PROVISIONS

A prior section 1103d, Pub. L. 89-329, title V, §515, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1497, required reports to Secretary from institutions receiving grants under this part, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 515 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1257, as amended, related to applicability of other provisions of laws to members and was classified to section 1105 of this title, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1103b, 1103e of this title.

**§ 1103e. Selection**

**(a) In general**

Individuals participating in a National Teacher Academy shall be selected by the selection panel described in subsection (b) of this section in accordance with the provisions of section 1103d of this title.

**(b) Selection panel**

**(1) Establishment**

Each State educational agency receiving assistance under part A of this subchapter shall establish a 10-member selection panel to select teachers to attend the National Teacher Academies established pursuant to this part.

**(2) Composition and representation**

**(A) Composition**

At least 50 percent of the membership of each selection panel shall be classroom

teachers, selected in consultation with teacher organizations, if any, in the State.

**(B) Representation**

The composition of each selection panel shall be broadly representative of the elementary and secondary schools and the State.

**(3) Function**

Each selection panel shall—

(A) annually select the State delegations in accordance with section 1103d of this title; and

(B) involve the individuals selected pursuant to subparagraph (A) in the operation of the State academies, if any, or other in-service training activities in the local educational agency in which such individuals teach.

(Pub. L. 89-329, title V, §516, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 676.)

PRIOR PROVISIONS

A prior section 516 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1258, related to supervision and control of members by local educational agencies and was classified to section 1106 of this title, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1103d of this title.

**§ 1103f. National Teacher Academy evaluation**

The Secretary shall evaluate the system of National Teacher Academies and the effects of such academies on teachers every 2 years. The Secretary shall make available to the Congress and the public the results of such evaluation.

(Pub. L. 89-329, title V, §517, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 677.)

PRIOR PROVISIONS

A prior section 517 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1258; Pub. L. 90-35, §3(a)(3), June 29, 1967, 81 Stat. 85, prohibited members of the Teachers Corps from acting as replacements for teachers and was classified to section 1107 of this title, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

**§ 1103g. Authorization of appropriations**

**(a) In general**

There are authorized to be appropriated \$35,000,000 for fiscal year 1993 and such sums as may be necessary for the 4 succeeding fiscal years to carry out the provisions of this part, of which not more than \$5,000,000 shall be available for each of the National Teacher Academy subject areas listed in section 1103(b)(1) of this title.

**(b) Special rules**

**(1) Appropriations less than \$14,000,000**

If the amount appropriated pursuant to the authority of subsection (a) of this section is less than \$14,000,000, then not more than \$2,000,000 shall be available for each National

Teacher Academy subject area in the order in which such subject areas are listed in section 1103(b)(1) of this title, until such funds are expended.

**(2) Appropriations equal to or in excess of \$14,000,000**

If the amount appropriated pursuant to the authority of subsection (a) of this section is equal to or exceeds \$14,000,000, then such funds as equals or exceeds \$14,000,000 shall be allocated equitably among each of the National Teacher Academy subject areas listed in section 1103(b)(1) of this title.

(Pub. L. 89-329, title V, §518, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 677.)

**PRIOR PROVISIONS**

A prior section 518 of Pub. L. 89-329, title V, as added Pub. L. 90-35, §4, June 29, 1967, 81 Stat. 87; amended Pub. L. 90-575, title II, §§231(a), 233(a), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, §§141(a)(1)(B), (c)(1)(D), (2)(A), 143(a)(1), June 23, 1972, 86 Stat. 284-286, authorized a program for making grants to States to alleviate teacher shortages and was classified to section 1108 of this title, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

**PART C—TEACHER SCHOLARSHIPS AND FELLOWSHIPS**

**SUBPART 1—PAUL DOUGLAS TEACHER SCHOLARSHIPS**

**SUBPART REFERRED TO IN OTHER SECTIONS**

This subpart is referred to in section 1102b of this title.

**§ 1104. Purpose; designation**

**(a) Purpose**

It is the purpose of this subpart to make available, through grants to the States, scholarships to individuals who are outstanding secondary school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the preschool, elementary or secondary level.

**(b) Designation**

Scholarships awarded under this subpart shall be referred to as the “Paul Douglas Teacher Scholarships”.

(Pub. L. 89-329, title V, §521, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 677.)

**PRIOR PROVISIONS**

A prior section 1104, Pub. L. 89-329, title V, §514, Nov. 8, 1965, 79 Stat. 1257; Pub. L. 90-35, §3(a)(3), (g)(1), June 29, 1967, 81 Stat. 85, 86; Pub. L. 90-575, title II, §232, Oct. 16, 1968, 82 Stat. 1039; Pub. L. 91-230, title VIII, §§804(e), 805(c), Apr. 13, 1970, 84 Stat. 191, 192; Pub. L. 93-380, title VIII, §835(a)(4), Aug. 21, 1974, 88 Stat. 605; Pub. L. 94-482, title I, §152(e), Oct. 12, 1976, 90 Stat. 2153; Pub. L. 96-374, title V, §502(e), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1459, 1503, set forth provisions respecting compensation of program members, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

A prior section 521 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat.

1498, provided that the purpose of former part B of this subchapter was to encourage partnerships between institutions of higher education and secondary schools serving low-income students and was classified to section 1105 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 521 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1258, as amended, set forth Congressional declaration of policy and statement of purpose, and definitions for fellowship program for teachers and related educational personnel and was classified to section 1111 of this title, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1104b of this title.

**§ 1104a. Allocation among States**

**(a) Allocation**

From the sums appropriated for this subpart for any fiscal year, the Secretary shall allocate to any State an amount based on the school-age population in the State compared to the school-age population in all States.

**(b) Use of census data**

For the purpose of this section, the number of persons in a State and in all States shall be determined by the most recently available data from the Bureau of the Census.

(Pub. L. 89-329, title V, §522, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 677.)

**PRIOR PROVISIONS**

A prior section 522 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1498, related to partnership agreements between institutions of higher education and local educational agencies and was classified to section 1105a of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 522 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1258, as amended, authorized Commissioner to award fellowships for graduate study by teaching personnel and was classified to section 1112 of this title, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

**§ 1104b. Grant applications**

**(a) Submission of applications**

The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in section 1104 of this title in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

**(b) Content of applications**

The Secretary shall approve an application under this subpart only if the application—

(1) describes the selection criteria and procedures to be used by the State in the selection of scholarship recipients under this subpart;

(2) designates as the State agency responsible for administering the grants received under this subpart the State agency which administers the program under subpart 4 of part A of subchapter IV of this chapter (relating to State student incentive grants), the State agency with which the Secretary has an agreement under section 1078(b) of this title, or another appropriate State agency approved by the Secretary;

(3) describes the outreach effort the State agency intends to use to publicize the availability of Paul Douglas Scholarships to secondary school students in the State;

(4) describes how the State will inform recipients, upon receipt of the award, of current and projected teacher shortages and surpluses within the State;

(5) provides assurances that each recipient eligible under section 1104d(b) of this title who receives a Paul Douglas Scholarship shall enter into an agreement with the State agency under which the recipient shall—

(A) within the 10-year period after completing the postsecondary education for which the Paul Douglas Teacher Corps Scholarship was awarded, teach for a period of not less than 2 years for each year for which assistance was received, in a public or private nonprofit preschool, elementary, or secondary school in any State, or, on a full-time basis, children with disabilities or children with limited English proficiency in a private nonprofit school, except that, in the case of individuals who teach in a shortage area established by the Secretary pursuant to section 1104j of this title, the requirements of this subparagraph shall be reduced by one-half;

(B) provide the State agency evidence of compliance with section 1104e of this title as required by the State agency; and

(C) repay all or part of a Paul Douglas Scholarship received under section 1104c of this title plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 1104f of this title, in the event that the conditions of subparagraph (A) are not complied with, except as provided for in section 1104g of this title;

(6) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required, including—

(A) a description of the procedures required to be established under paragraph (7); and

(B) a description of the appeals procedures required to be established under paragraph (8) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

(7) provides for procedures under which a recipient of assistance received under this subpart who teaches for less than the period required under paragraph (5)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of sections 1104f and 1104g of this title;

(8) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this subpart; and

(9) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds; ethnic and racial minority students; individuals with disabilities; other individuals from groups historically underrepresented in teaching; individuals who express a willingness or desire to teach in rural schools, urban schools, or schools having less than average academic results or serving large numbers of economically disadvantaged students; or women or minorities who show interest in pursuing teaching careers in mathematics and science and who are underrepresented in such fields.

#### **(c) Selection criteria and procedures**

The State educational agency, in cooperation with the State higher education agency, and pursuant to scholarship selection criteria included in section 1104d of this title, shall establish criteria to select Paul Douglas Teacher Scholarship recipients. These criteria shall be intended to attract highly qualified individuals into teaching, to ensure that these students are enrolled or are accepted for enrollment in approved teacher education programs, and to meet the present and projected needs of States in addressing teacher shortages, including the demand for and supply of early childhood and elementary teachers in the State, the demand for and supply of secondary teachers in the State, and the demand for teachers with training in specific academic disciplines in the State.

#### **(d) Special consideration**

The State educational agency, in cooperation with the State higher education agency, shall give special consideration in the selection of scholarship recipients to individuals who—

(1) intend to teach or provide related services to students with disabilities;

(2) intend to teach limited English proficient students;

(3) intend to teach preschool age children;

(4) intend to teach in schools servicing inner city or rural or geographically isolated areas (as defined by the Secretary by regulations consistent with the purposes of this section);

(5) intend to teach in curricular areas or geographic areas where there are demonstrated shortages of qualified teachers; or

(6) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities, and are underrepresented in the teaching profession or in the curricular areas in which they are preparing to teach.

#### **(e) Solicitation of views on selection criteria and procedures**

In developing the selection criteria and procedures to be used by the State, the State shall solicit the views of local educational agencies, private educational institutions, and other interested parties. Such views—

(1) shall be solicited by means of—

(A) written comments; and

(B) publication of proposed selection criteria and procedures in final form for implementation; and

(2) may be solicited by means of—

(A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with specific preparation); or

(B) such other methods as the State may determine to be appropriate to gather information on such needs.

(Pub. L. 89-329, title V, § 523, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 678.)

#### PRIOR PROVISIONS

A prior section 523 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1498, related to division of grants between school-year and summer programs, amount and use of grants, and preferences in making grants and was classified to section 1105b of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 523 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1259, as amended, required allocation of fellowships to institutions with approved programs and set forth criteria for approval of programs and was classified to section 1113 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1104d, 1104f, 1104g, 1104h of this title.

### § 1104c. Amount and duration of and relation to other assistance

#### (a) Limitations on amount and duration

Subject to subsection (c) of this section each Paul Douglas Teacher Scholarship recipient shall receive a \$5,000 scholarship for each academic year of postsecondary education for study in preparation to become a preschool, special education, elementary, or secondary teacher. No individual shall receive scholarship assistance for more than 4 years of postsecondary education, as determined by the State agency.

#### (b) Consideration of award in other programs

Notwithstanding the provisions of subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for student assistance under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42.

#### (c) Assistance not to exceed cost of attendance

No individual shall receive an award under the Paul Douglas Teacher Scholarship established under this subpart, in any academic year, which exceeds the cost of attendance, as defined in section 10877 of this title, at the institution the individual is attending. A scholarship awarded under this part shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance, but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

(Pub. L. 89-329, title V, § 524, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 680.)

#### PRIOR PROVISIONS

A prior section 524 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1499, related to applications for grants to partnerships between institutions of higher education and secondary schools serving low-income students and was classified to section 1105c of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 524 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1259, as amended, set forth prerequisites for approval of graduate programs to develop and strengthen training of educational personnel and was classified to section 1114 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1104b of this title.

### § 1104d. Selection of Paul Douglas Teacher Scholars

#### (a) Selection by statewide panels

Paul Douglas Teacher Scholars shall be selected by a 7-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief State elected official and approved by the Secretary. The statewide panel shall be representative of school administrators, teachers, including preschool and special education teachers, and parents.

#### (b) Eligibility for selection; selection criteria and procedures

Selections of Paul Douglas Scholars shall be made from students who have graduated or who are graduating from secondary school and who rank in the top 10 percent of their graduating class. The State educational agency shall make applications available to public and private non-profit secondary schools in the State and in other locations convenient to applicants, parents, and others. The statewide panel shall develop criteria and procedures for the selection of Paul Douglas Scholars. Such criteria may include the applicant's secondary school grade point average, involvement in extracurricular activities, financial need, and expression of interest in teaching as expressed in an essay written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others.

#### (c) Waivers

For purposes of giving special consideration under section 1104b(d) of this title, a State may waive the criteria contained in the first sentence of subsection (b) of this section for not more than 25 percent of individuals receiving Paul Douglas Teacher Scholarships on or after July 1, 1993.

(Pub. L. 89-329, title V, § 525, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 680; amended Pub. L. 103-208, § 2(j)(2), Dec. 20, 1993, 107 Stat. 2480.)

#### PRIOR PROVISIONS

A prior section 525 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1499, related to community college pilot projects and

was classified to section 1105d of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 525 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1260, as amended, authorized Commissioner to pay stipends to individuals awarded fellowships and additional amounts to institutions of higher education for support of programs and was classified to section 1115 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

#### AMENDMENTS

1993—Subsec. (c). Pub. L. 103-208 amended heading and text of subsec. (c) generally. Prior to amendment, text read as follows: “The Secretary may waive the requirements of section 1104b(d) of this title for not more than 25 percent of all individuals receiving a scholarship under this subpart.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1104b of this title.

### § 1104e. Scholarship conditions

Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is—

- (1) enrolled as a full-time student in an accredited postsecondary institution;
- (2) pursuing a course of study leading to teacher certification; and
- (3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

(Pub. L. 89-329, title V, § 526, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 681.)

#### PRIOR PROVISIONS

A prior section 526 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1260; Pub. L. 92-318, title I, § 131(d)(2)(C), June 23, 1972, 86 Stat. 260, prohibited award of fellowships for study at divinity school or department and was classified to section 1116 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1104b of this title.

### § 1104f. Scholarship repayment provisions

Recipients found by the State agency to be in noncompliance with the agreement entered into under section 1104b(b)(5) of this title shall be required to repay a pro rata amount of the scholarship awards received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of subchapter IV of this chapter) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

(Pub. L. 89-329, title V, § 527, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 681.)

#### PRIOR PROVISIONS

A prior section 527 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1260, set forth conditions imposed upon fellowship recipient and was classified to section 1117 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1104b, 1111d of this title.

### § 1104g. Exceptions to repayment provisions

#### (a) Deferral during certain periods

A recipient shall not be considered in violation of the agreement entered into pursuant to section 1104b(b)(5)(C) of this title during any period in which the recipient—

- (1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;
- (2) is serving, not in excess of 3 years, as a member of the armed services of the United States;
- (3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;
- (4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;
- (5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;
- (6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or education program for a single period not to exceed 27 months; or
- (7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

#### (b) Forgiveness if permanently totally disabled

A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

(Pub. L. 89-329, title V, § 528, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 681.)

#### PRIOR PROVISIONS

A prior section 528 of Pub. L. 89-329, title V, Nov. 8, 1965, 79 Stat. 1260; Pub. L. 90-35, § 5(g), June 29, 1967, 81 Stat. 91; Pub. L. 90-247, title VII, § 704(c)(1), Jan. 2, 1968, 81 Stat. 820; Pub. L. 90-575, title II, § 231(a), (b)(2), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, § 141(a)(1)(B), June 23, 1972, 86 Stat. 284, authorized appropriations for fiscal years 1966 through 1974 to enable persons who were awarded fellowships prior to July 1, 1972, to complete their study under fellowships and was classified to section 1118 of this title, prior to repeal by Pub. L. 92-318, title I, § 141(c)(1)(E), June 23, 1972, 86 Stat. 285, eff. on and after July 1, 1972.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1104b, 1106e, 1111d of this title.

**§ 1104h. Federal administration of State programs; judicial review**

**(a) Disapproval hearing required**

The Secretary shall not finally disapprove any application for a State program submitted under section 1104b of this title, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

**(b) Suspension of eligibility**

Whenever the Secretary, after reasonable notice and opportunity for a hearing to the State agency administering a State program approved under this subpart, finds—

- (1) that the State program has been so changed that it no longer complies with the provisions of this subpart, or
- (2) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

**(c) Court review**

**(1) In general**

If any State is dissatisfied with the Secretary's final action under subsection (b)(1) or (2) of this section, such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

**(2) Findings**

The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

**(3) Jurisdiction**

The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28.

(Pub. L. 89-329, title V, § 529, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 682.)

**§ 1104i. Evaluation**

**(a) In general**

The Secretary shall conduct, by grant or contract, an independent evaluation of recipients of scholarship assistance under this subpart, which

shall summarize and evaluate the State activities assisted under this subpart and the performance of such recipients. The evaluation shall assess the impact of the scholarship program assisted under this subpart to determine whether such program has brought into teaching a significant number of highly able individuals who otherwise would not have entered teaching.

**(b) Contents**

The evaluation described in subsection (a) of this section shall include—

- (1) a description of the characteristics, including the educational preparation and achievement, of recipients of scholarship assistance under this subpart compared to similar students participating in teacher training who do not receive such scholarships;
- (2) the rate at which such recipients successfully complete academic training and go on to teaching careers in preschool, elementary, or secondary education, compared to such rate for similar individuals who do not receive scholarship assistance under this subpart;
- (3) the extent to which it is possible to determine objectively that the receipt of scholarship assistance under this subpart was the primary reason for an individual's choice of a teaching education and career;
- (4) the extent to which such recipients comply with the provisions of this subpart;
- (5) the length of time such recipients remain in teaching careers, compared to similar teachers who do not receive scholarships;
- (6) the barriers to the effectiveness of the program assisted under this subpart; and
- (7) the cost-effectiveness of such program in improving teacher quality and quantity.

**(c) Evaluation reports**

The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1997.

**(d) Funding**

The Secretary shall reserve a total of not more than \$1,000,000 from the amounts appropriated pursuant to the authority of section 1104k of this title in fiscal years 1993 through 1997 to carry out this section.

(Pub. L. 89-329, title V, § 530, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 682.)

**§ 1104j. Designation of shortage areas**

For the purposes of this part, the term "shortage areas" means (1) geographic areas of the State in which there is a shortage of preschool, elementary, and secondary school teachers, and (2) an area of shortage of preschool, elementary, and secondary school teachers in specific grade levels and in specific academic, instructional, subject matter, and discipline classifications. Such shortage areas shall be prescribed by the Secretary, in consultation with the chief State school officer or, in the case of nonprofit private elementary or secondary schools, with appropriate officials of nonprofit private schools in each State in accordance with this section. In carrying out the provisions of this section, the

Secretary shall give special consideration to areas in which emergency certification of individuals in a State is being used to correct teacher shortages and to States which have retirement laws permitting early retirement.

(Pub. L. 89-329, title V, §530A, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 683; amended Pub. L. 103-208, §2(j)(3), Dec. 20, 1993, 107 Stat. 2481.)

#### AMENDMENTS

1993—Pub. L. 103-208 substituted “preschool, elementary, and secondary school teachers” for “elementary and secondary school teachers” in two places in first sentence.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1104b, 1111g of this title.

#### § 1104k. Authorization of appropriations

There are authorized to be appropriated \$26,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

(Pub. L. 89-329, title V, §530B, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 683.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1104i of this title.

#### SUBPART 2—CHRISTA MCAULIFFE FELLOWSHIP PROGRAM

#### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in section 1102e of this title.

#### § 1105. Declaration of purpose; designation

##### (a) Purpose

It is the purpose of this subpart to establish a national fellowship program for experienced and outstanding teachers.

##### (b) Designation

A recipient of a fellowship under this subpart shall be known as a “Christa McAuliffe fellow”.

(Pub. L. 89-329, title V, §531, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 684.)

#### PRIOR PROVISIONS

A prior section 1105, Pub. L. 89-329, title V, §521, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1498, provided that the purpose of former part B of this subchapter was to encourage partnerships between institutions of higher education and secondary schools serving low-income students, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1105, Pub. L. 89-329, title V, §515, Nov. 8, 1965, 79 Stat. 1257; Pub. L. 90-35, §3(h), June 29, 1967, 81 Stat. 87; Pub. L. 90-83, §10(b), Sept. 11, 1967, 81 Stat. 223, related to applicability of other provisions

of laws to members of the Teacher Corps, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

A prior section 531 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1500, related to the purpose of and authority for professional development resource centers and was classified to section 1107 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 531 of Pub. L. 89-329, title V, as added Pub. L. 94-482, title I, §153, formerly §153(a), Oct. 12, 1976, 90 Stat. 2154, renumbered §153, Pub. L. 95-43, §1(b)(5), June 15, 1977, 91 Stat. 218, and amended, authorized appropriations for fiscal years 1981 to 1985 to carry out teacher training programs and was classified to section 1119 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 531 of Pub. L. 89-329, title V, as added Pub. L. 90-35, §6, June 29, 1967, 81 Stat. 91; amended Pub. L. 90-247, title VII, §704(d), Jan. 2, 1968, 81 Stat. 820; Pub. L. 92-318, title I, §§147(a), 148(a), June 23, 1972, 86 Stat. 287, authorized training and retraining programs for education personnel other than higher education personnel and was classified to section 1119 of this title, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, effective Sept. 30, 1976.

#### § 1105a. Program authorized

##### (a) In general

The Secretary is authorized to make grants, in accordance with the provisions of this subpart, to State educational agencies to enable such State educational agencies to—

(1) conduct Christa McAuliffe fellowship activities; and

(2) award fellowships to Christa McAuliffe fellows in accordance with the provisions of this subpart.

##### (b) Amount of grants

The amount awarded to each State educational agency pursuant to paragraph (1) of subsection (a) of this section shall be an amount awarded on the basis of the school-age population in the State compared to the school-age population in all States, except that the Secretary may adjust the awards to ensure that such awards are of sufficient size to carry out the purposes of this subpart.

##### (c) State activities

Each State educational agency receiving a grant pursuant to subsection (a) of this section shall use not more than 3 percent of such grant for administrative purposes.

##### (d) Use of funds for fellowships and administration

Funds appropriated for any fiscal year for fellowships to teachers under this subpart shall be used to award fellowships in accordance with the requirements of this subpart, except that not more than 1 percent of such funds shall be used by the Secretary for purposes of administering this subpart, including activities authorized under section 1105f(b) of this title.

(Pub. L. 89-329, title V, §532, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 684.)

#### PRIOR PROVISIONS

A prior section 1105a, Pub. L. 89-329, title V, §522, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100



Stat. 1498, related to partnership agreements between institutions of higher education and secondary schools serving low-income students, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 532 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1501, related to the geographical distribution of grants for professional development resource centers and was classified to section 1107a of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 532 of Pub. L. 89-329, title V, as added Pub. L. 94-482, title I, § 153, formerly § 153(a), Oct. 12, 1976, 90 Stat. 2154, renumbered § 153, Pub. L. 95-43, § 1(b)(5), June 15, 1977, 91 Stat. 218, and amended, related to grants, functions, etc., of teacher centers and was classified to section 1119a of this title, prior to repeal by Pub. L. 97-35, title V, § 587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

Another prior section 532 of Pub. L. 89-329, title V, as added Pub. L. 92-318, title IV, § 451(b), June 23, 1972, 86 Stat. 344, authorized teachers for Indian children as part of the training and retraining program and was classified to section 1119a of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, effective Sept. 30, 1976.

Another prior section 532 of Pub. L. 89-329, title V, as added Pub. L. 90-35, § 6, June 29, 1967, 81 Stat. 92; amended Pub. L. 90-575, title II, § 231(a), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, § 141(a)(1)(B), June 23, 1972, 86 Stat. 284, authorized appropriations for fiscal years 1969 to 1972 and was classified to section 1119a of this title, prior to repeal by section 141(c)(1)(F) of Pub. L. 92-318, effective on and after July 1, 1972.

## § 1105b. Christa McAuliffe fellowships

### (a) Award distribution and amount

#### (1) Award distribution

Each State educational agency receiving a grant under this subpart shall use such funds to award Christa McAuliffe fellowships to public and private school teachers who have been employed as teachers for 8 or more years to enable such teachers to engage in the activities described in subsection (b) of this section.

#### (2) Amount

Fellowships shall be in an amount equal to the annual salary the individual would earn in such individual's current place of employment for the award period.

#### (3) Ratable reduction

If an individual receives a fellowship award for less than a school year, such fellowship shall be ratably reduced to equal the salary forgone.

#### (4) Duration

No Christa McAuliffe fellow may receive an award for 2 consecutive years.

#### (5) Requirement

Subject to the repayment provisions of section 1105e of this title, each Christa McAuliffe fellow shall be required to return to a teaching position, in their place of employment prior to receiving the fellowship award, for at least 2 years following such award. The Secretary is authorized, in extraordinary circumstances, to waive or defer all or a portion of the service requirement, or allow fellows to fulfill their service requirement by going into a teaching position in another school or school district within the State or in another State upon approval of the sending and receiving State.

### (b) Use of fellowships

Each Christa McAuliffe fellowship may be used for—

(1) sabbaticals for study, research or academic improvement to—

(A)(i) improve such teacher's knowledge base in an area of expertise; or

(ii) learn a new area of expertise;

(B) increase skills and professional ability; and

(C) enhance the ability of teachers to work with special education populations, including—

(i) gifted and talented children;

(ii) limited-English proficient children;

(iii) children with disabilities; and

(iv) economically and educationally disadvantaged children;

(2)(A) consultation with or assistance to other school districts or private school systems; or

(B) development of special innovative programs;

(3) projects or partnerships that involve the business community and the schools;

(4) programs that incorporate the use and the sharing of technologies to help students learn; or

(5) expanding or replicating model programs of staff development.

(Pub. L. 89-329, title V, § 533, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 684.)

#### PRIOR PROVISIONS

A prior section 1105b, Pub. L. 89-329, title V, § 523, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1498, related to grants to encourage partnerships between institutions of higher education and secondary schools serving low-income students, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 533 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1501, related to grant requirements for the professional development resource centers program and was classified to section 1107b of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 533 of Pub. L. 89-329, title V, as added Pub. L. 94-482, title I, § 153, Oct. 12, 1976, 90 Stat. 2155, and amended, related to grants for training higher education personnel and was classified to section 1119a-1 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 533 of Pub. L. 89-329, title V, as added Pub. L. 90-575, title II, § 239, Oct. 16, 1968, 82 Stat. 1040, required an equitable distribution with respect to geography for training programs and was classified to section 1119a-1 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, effective Sept. 30, 1976.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1105d, 1105f of this title.

## § 1105c. Selection of Christa McAuliffe fellows

### (a) In general

Christa McAuliffe fellows in each State shall be selected (in accordance with section 1105d of this title) by a 7-member statewide panel appointed by the chief State school officer, or by an existing panel designated by the chief State

school officer. The statewide panel shall be representative of school administrators, teachers, parents, and institutions of higher education.

**(b) Special rule**

Each State educational agency may choose to administer the program assisted under this subpart through a pre-existing panel which is experienced in administering similar programs.

(Pub. L. 89-329, title V, § 534, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 685.)

**PRIOR PROVISIONS**

A prior section 1105c, Pub. L. 89-329, title V, § 524, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1499, related to application for grants to encourage the partnership between institutions of higher education and secondary schools serving low-income students, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 534 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1502, related to the Professional Development Policy Board and was classified to section 1107c of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1105d of this title.

**§ 1105d. Evaluation of applications**

**(a) Submission to and review by statewide panel**

An applicant for a Christa McAuliffe fellowship shall submit a proposal for a project in accordance with section 1105b(b) of this title, and shall indicate the extent to which the applicant wishes to continue current teaching duties. The applicant shall submit such a proposal to the local educational agency for comment prior to submission to the statewide panel (appointed under section 1105c of this title) for the State in which the project will be conducted. Each such application shall contain such information as such State educational agency may reasonably require.

**(b) Consultation and consideration**

**(1) In general**

In evaluating proposals, the statewide panel shall consult with the local educational agency, and shall consider—

- (A) evaluations during employment as a teacher;
- (B) demonstrated commitment to teaching in the future; and
- (C) intended activities during the award period.

**(2) Recommendations**

The statewide panel may request recommendations from teaching peers and the applicant's principal and superintendent on the quality of the proposal, the benefit of such proposal to education, and any other criteria for awarding fellowships as are considered appropriate by such statewide panel.

**(3) Selection**

Selection of members of the statewide panel shall be made in accordance with regulations prescribed by the Secretary.

**(c) Public announcement**

Announcement of fellowship awards shall be made in a public ceremony.

(Pub. L. 89-329, title V, § 535, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 685; amended Pub. L. 103-208, § 2(j)(4), Dec. 20, 1993, 107 Stat. 2481.)

**PRIOR PROVISIONS**

A prior section 1105d, Pub. L. 89-329, title V, § 525, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1499, related to the community college pilot project, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 535 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1502, related to submission and approval of grant applications for professional development resource centers and was classified to section 1107d of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

**AMENDMENTS**

1993—Subsec. (b)(1)(C). Pub. L. 103-208 substituted period for semicolon at end.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1105c of this title.

**§ 1105e. Fellowship repayment provisions**

Repayment of the award shall be made to the Federal Government in the case of fraud or gross noncompliance.

(Pub. L. 89-329, title V, § 536, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 686.)

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1105b of this title.

**§ 1105f. Secretary's responsibilities**

**(a) In general**

The Secretary shall—

- (1) make awards to State educational agencies having applications approved under section 1105g of this title; and
- (2) in cooperation with the State educational agency, conduct activities which foster communication among and bring together Christa McAuliffe fellows including activities such as written communications, meetings, or training sessions.

**(b) Information dissemination**

The Secretary shall establish a clearinghouse or otherwise provide for the collection and dissemination of information on exemplary projects for improving education that were developed in accordance with section 1105b(b) of this title. The Secretary may utilize the National Diffusion Network in carrying out the requirements of this section.

(Pub. L. 89-329, title V, § 537, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat.

686; amended Pub. L. 103-208, §2(j)(5), Dec. 20, 1993, 107 Stat. 2481.)

#### AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208 substituted “In general” for “General” in heading.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1105a of this title.

### § 1105g. State application

#### (a) Application required

Each State educational agency desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

#### (b) Contents

Each application submitted pursuant to subsection (a) of this section shall—

(1) provide assurances that Christa McAuliffe fellows will be released from teaching responsibilities for up to one school year (if the fellow’s proposal requires such release time) without jeopardizing the rights such members would have had without participating in the program assisted under this subpart;

(2) provide assurances that the State educational agency, or its designee, in cooperation with local educational agencies, shall maintain accurate records regarding the activities of Christa McAuliffe fellows within the State to ensure that such members are meeting all conditions of the fellowships provided pursuant to this subpart, and shall notify the Secretary immediately upon a change in a Christa McAuliffe fellow’s status rendering such fellow in violation of the conditions of the fellowship; and

(3) provide assurances that the State educational agency has consulted with local educational agencies in designing and developing the Christa McAuliffe Fellowship program.

(Pub. L. 89-329, title V, §538, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 686.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1105f of this title.

### § 1105h. Evaluation

#### (a) In general

##### (1) In general

The Secretary shall conduct, by grant or contract, an independent evaluation of—

(A) Christa McAuliffe fellows; and

(B) the impact of the activities undertaken by the Christa McAuliffe fellows on teachers, teacher research, curricula, staff development, improvement of programs and improvement of student achievement.

### (2) Competitive basis

The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

#### (b) Contents

The evaluation shall—

(1) include information on the nature of projects developed and implemented by Christa McAuliffe fellows;

(2) assess the measurable effects of such projects on the academic performance of the students served by such projects;

(3) assess the effect of the fellowship program assisted under this subpart on the post-fellowship experiences of Christa McAuliffe fellows;

(4) identify the barriers to such program’s effectiveness;

(5) assess the extent to which successful projects were disseminated and adopted by other teachers and schools without further Federal assistance; and

(6) determine and explore ways to improve the cost-effectiveness of such program.

#### (c) Evaluation reports

The Secretary shall submit such interim evaluation reports to the President and the Congress as may be appropriate, and shall submit a final report on or before January 1, 1997.

#### (d) Funding

The Secretary shall reserve a total of not more than \$1,000,000 from the amounts appropriated pursuant to the authority of section 1105i of this title in fiscal years 1993 through 1997 to carry out this section.

(Pub. L. 89-329, title V, §539, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 687.)

### § 1105i. Authorization of appropriations

There are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

(Pub. L. 89-329, title V, §540, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 687.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1105h of this title.

#### SUBPART 3—TEACHER CORPS

#### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in sections 1112b, 7474 of this title.

### § 1106. Teacher Corps program authorized

#### (a) Grants by Secretary

In any fiscal year in which the appropriations for this subpart do not equal or exceed \$50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants, on a competitive basis, to State educational agencies to carry out Teacher Corps activities.

#### (b) State grant program

In any fiscal year in which the appropriations for this subpart equal or exceed \$50,000,000, the

Secretary is authorized, in accordance with the provisions of this subpart, to make grants to State educational agencies from allocations under subsection (c) of this section to carry out Teacher Corps activities.

**(c) Allocation**

Except as provided in subsection (a) of this section, each State educational agency shall be eligible to receive a grant under this subpart in each fiscal year that bears the same ratio to the amount appropriated under section 1106g of this title in that fiscal year as the school-age population of the State bears to the school-age population of all States.

**(d) Teacher Corps school**

For the purpose of this subpart the term “Teacher Corps school” means a public elementary or secondary school identified by the State educational agency as having the highest levels of poverty and the lowest levels of student achievement based on a ranking of such elementary schools and secondary schools in the State according to the number of children living in poverty and the levels of student achievement. In carrying out the preceding sentence, the State educational agency shall identify and inform not more than 10 percent of such elementary schools and not more than 10 percent of such secondary schools in the State which have the highest levels of poverty and the lowest levels of student achievement.

**(e) Designation**

**(1) Scholarship**

A scholarship awarded under this subpart shall be referred to as a “Teacher Corps scholarship”.

**(2) Recipient**

A recipient of a scholarship under this subpart shall be referred to as a “Teacher Corps member”.

(Pub. L. 89-329, title V, §541, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 687.)

**PRIOR PROVISIONS**

A prior section 1106, Pub. L. 89-329, title V, §516, Nov. 8, 1965, 79 Stat. 1258, related to supervision and control of members by local educational agencies, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

A prior section 541 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1503; amended Pub. L. 100-50, §16(1), June 3, 1987, 101 Stat. 358; Pub. L. 101-226, §20, Dec. 12, 1989, 103 Stat. 1936, related to purpose of leadership in educational administration development program and was classified to section 1109 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 541 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §505(a), Oct. 3, 1980, 94 Stat. 1461, authorized grants to State educational agencies to train teachers for handicapped children and was classified to section 1119b of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 541 of Pub. L. 89-329, title V, as added Pub. L. 90-35, §6, June 29, 1967, 81 Stat. 93, authorized grants or contracts with institutions of higher education for training programs and projects for higher education personnel and was classified to section 1119b of this title, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1106e of this title.

**§ 1106a. Use of funds**

**(a) Secretary**

The Secretary shall use funds provided pursuant to this subpart to—

(1) disseminate information nationally about the availability of scholarships under this subpart;

(2) conduct activities, with the cooperation of the State and local educational agencies, which foster communication among, and bring together, members of the Teacher Corps, including activities such as written communications, meetings, or training sessions;

(3) establish and conduct summer preservice orientation programs for Teacher Corps members about to begin teaching;

(4) ensure that Teacher Corps members recognize the challenges of teaching in a Teacher Corps school;

(5) inform Teacher Corps members of Teacher Corps schools and facilitate the hiring and placement of Teacher Corps members at Teacher Corps schools;

(6) evaluate applications from and award grants to State educational agencies to enable such agencies to award Teacher Corps scholarships in accordance with the provisions of this subpart; and

(7) collect scholarship repayments from individual Teacher Corps members, in accordance with the provisions of section 1106e of this title.

**(b) State educational agency**

Each State educational agency receiving a grant under this subpart shall use such grant funds to—

(1) evaluate applications for Teacher Corps membership and award scholarships to Teacher Corps members;

(2) provide technical assistance to local educational agencies establishing and operating induction programs;

(3) ensure that Teacher Corps members understand the obligation to repay the scholarships received under this subpart upon failure to comply with the conditions of the scholarship; and

(4) ensure that Teacher Corps members are fulfilling the obligation to repay scholarships received under this subpart, and provide the Secretary with the names and addresses of Teacher Corps members who have not fulfilled such obligation.

**(c) Special rule**

The Secretary may enter into contracts with or make grants to nonprofit educational organizations for—

(1) recruiting members of the Teacher Corps;

(2) establishing and conducting summer preservice training programs; and

(3) conducting activities that foster communications among and bring together members of the Teacher Corps.

**(d) Reservations**

Each State receiving a grant under this subpart may reserve—

(1) 5 percent of such grant funds to provide technical assistance to local educational agencies and to pay administrative costs; and

(2) 5 percent of such grant funds to provide for induction and mentoring programs.

**(e) Special rule**

Each State educational agency receiving a grant under this subpart may enter into contracts with or award grants to nonprofit educational agencies to conduct the activities described in subsection (b) of this section.

(Pub. L. 89-329, title V, §542, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 688.)

**PRIOR PROVISIONS**

A prior section 542 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1504; amended Pub. L. 100-50, §16(2), June 3, 1987, 101 Stat. 358, related to allocation of appropriations for leadership in educational administration development program and was classified to section 1109a of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 542 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §505(a), Oct. 3, 1980, 94 Stat. 1462, related to applications for grants for training teachers for handicapped children and was classified to section 1119b-1 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 542 of Pub. L. 89-329, title V, as added Pub. L. 90-35, §6, June 29, 1967, 81 Stat. 93, authorized the payment of stipends to persons participating in authorized training programs and was classified to section 1119b-1 of this title, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152.

**§ 1106b. Teacher Corps**

**(a) Selection**

The State educational agency shall select Teacher Corps members.

**(b) Criteria**

**(1) In general**

The State educational agency shall establish criteria to select Teacher Corps members that are intended to—

(A) attract highly qualified individuals to teaching; and

(B) meet the needs of Teacher Corps schools in addressing teacher shortages.

**(2) Criteria**

The criteria described in paragraph (1) may include—

(A) in the case of students or recent graduates, outstanding academic records, or in other cases, contributions which may be made by individuals working in other careers; and

(B) a demonstrated commitment to teaching or professional experience in substantive fields of expertise in which the State is experiencing or expects to experience teacher shortages.

**(c) Special consideration**

The State educational agency, in selecting Teacher Corps members, shall give special consideration to individuals who—

(1) intend to teach or provide related services to students with disabilities;

(2) intend to teach limited-English proficient students;

(3) intend to teach preschool age children;

(4) are from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities;

(5) are members of populations that are underrepresented in the teaching profession or in the curricular areas in which such individuals are preparing to teach;

(6) intend to teach in the areas of science or mathematics, especially women and minorities who are underrepresented in such fields; or

(7) intend to teach on Indian reservations or in Alaska Native villages named or certified pursuant to section 1602(c) of title 43, or in areas with high concentrations of Native Hawaiians.

**(d) Application**

Each individual desiring to participate in the program assisted under this subpart shall submit an application at such time, in such manner, and containing such information as the State educational agency may reasonably require.

(Pub. L. 89-329, title V, §543, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 689.)

**PRIOR PROVISIONS**

A prior section 543 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1504; amended Pub. L. 100-50, §16(3), June 3, 1987, 101 Stat. 358, related to technical assistance centers for leadership in educational administration development program and was classified to section 1109b of this title, prior to the general revision of this title by Pub. L. 102-325.

Another prior section 543 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §505(a), Oct. 3, 1980, 94 Stat. 1462, provided for stipends and allowances for participants in program of training teachers for handicapped children and was classified to section 1119b-2 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 543 of Pub. L. 89-329, title V, as added Pub. L. 90-35, §6, June 29, 1967, 81 Stat. 93; amended Pub. L. 90-575, title II, §231(a), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, §141(a)(1)(B), June 23, 1972, 86 Stat. 284, authorized appropriations for fiscal years 1969 to 1972 and was classified to section 1119b-2 of this title, prior to repeal by Pub. L. 92-318, title I, §141(c)(1)(G), June 23, 1972, 86 Stat. 285.

**§ 1106c. State application**

In order to receive funds under this subpart, a State educational agency, in consultation with the Governor, shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require. Each such application shall—

(1) describe how the State educational agency shall select Teacher Corps members;

(2) identify Teacher Corps schools within the State, where Teacher Corps members shall be assigned, provided that not more than 10 percent of all public schools in the State may be designated Teacher Corps schools;

(3) provide assurances that the State educational agency, in cooperation with local

educational agencies, shall assist in employment placement within such State for Teacher Corps members in Teacher Corps schools;

(4) provide assurances that the State educational agency, in cooperation with local educational agencies, shall ensure that Teacher Corps members are paid at rates comparable to other entry level teachers in the school district where the Teacher Corps member is assigned;

(5) provide assurances that the local educational agencies in which the Teacher Corps members shall be placed shall establish or expand induction programs that assist Teacher Corps members in adjusting to the new school and community where such members shall teach, including working with a mentor teacher in the school building where the Teacher Corps members are placed; and

(6) describe how the State educational agency shall monitor and report to the Secretary not less than annually on the operation of programs assisted under this subpart and on the compliance of individuals who receive Teacher Corps scholarships with the provisions of this subpart.

(Pub. L. 89-329, title V, §544, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 690.)

#### PRIOR PROVISIONS

A prior section 544 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1505; amended Pub. L. 100-50, §16(4), June 3, 1987, 101 Stat. 359, related to general criteria for grants under leadership in educational administration development program and was classified to section 1109c of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 544 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §505(a), Oct. 3, 1980, 94 Stat. 1463, set out conditions for maintaining fellowships in training teachers for handicapped children and was classified to section 1119b-3 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1106d. Scholarships

#### (a) Eligibility

##### (1) In general

An individual is eligible to receive Teacher Corps scholarships for a maximum of 3 years during enrollment in any of the following programs of study, or a combination thereof:

(A) a program of study leading to a baccalaureate degree;

(B) a 1- or 2-year postbaccalaureate program of study leading to a master's or specialist degree or a teaching certificate; or

(C) a 2-year program of study leading to an associate's degree in early childhood education or early childhood development, or a 1-year program of study leading to a child development associate credential.

##### (2) Special rules

(A) An individual pursuing a program of study described in subparagraph (B) of paragraph (1) is eligible to receive a Teacher Corps scholarship during any of the first 3 years that such individual is employed as a teacher to defray the costs of pursuing such postbaccalaureate instruction.

(B) An individual in possession of a bachelor's degree, who wishes to enter teaching from another profession, is eligible to receive a Teacher Corps scholarship to enable such individual to receive the instruction necessary to enter the teaching profession, as determined by the State in which the individual wishes to teach. Such instruction may be provided while the individual is employed as a provisional teacher.

#### (b) Limitations on amount and duration

Subject to subsection (d) of this section, each Teacher Corps member shall receive a \$5,000 scholarship for each academic year of postsecondary education, except that no individual shall receive scholarship assistance for more than 3 years of postsecondary education (including postbaccalaureate), as determined by the Secretary.

#### (c) Consideration of award in other programs

Each Teacher Corps scholarship awarded pursuant to this subpart shall be considered as student financial assistance in determining eligibility for student assistance under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42.

#### (d) Assistance not to exceed need

Each Teacher Corps scholarship, when added to assistance received under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, if any, shall not exceed the cost of attendance, as defined in section 10877 of this title, at the institution the individual is attending. If the amount of the Teacher Corps scholarship and assistance received under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 exceeds the cost of attendance, loans received under part B, C, or D of subchapter IV of this chapter shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

#### (e) Continued eligibility

Each individual who receives a Teacher Corps scholarship shall continue to receive such scholarship payments only during such periods that the State educational agency finds that such individual is—

(1) enrolled as a full-time student in an accredited postsecondary institution; and

(2) maintaining satisfactory progress defined under section 1091 of this title.

(Pub. L. 89-329, title V, §545, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 690; amended Pub. L. 103-208, §2(j)(6), Dec. 20, 1993, 107 Stat. 2481.)

#### PRIOR PROVISIONS

A prior section 545 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1505; amended Pub. L. 100-50, §16(5), June 3, 1987, 101 Stat. 359, defined certain terms for purposes of leadership in educational administration development program and was classified to section 1109d of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 545 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §505(a), Oct. 3, 1980, 94 Stat. 1463, defined "special education" and was classified to section 1119b-4 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

## AMENDMENTS

1993—Subsec. (d). Pub. L. 103-208 substituted “part B, C,” for “parts B, C.”

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1106e of this title.

**§ 1106e. Scholarship conditions****(a) Scholarship agreement**

Each individual receiving a scholarship under this subpart shall enter into a written agreement with the State educational agency which shall provide assurances that each such individual—

(1) shall pursue a course of study which meets State requirements for teacher preparation;

(2) has completed at least 2 years of undergraduate education at an institution of higher education;

(3) shall maintain satisfactory academic progress and participate in teaching-related activities while in undergraduate or post-baccalaureate programs;

(4) shall work as a teacher upon completion of such individual's education for 3 years in a Teacher Corps school, as identified by the State educational agency pursuant to section 1106(d) of this title, except that Teacher Corps members may transfer to another such school within the State or in another State upon approval of the State educational agency;

(5) in carrying out the obligation described in paragraph (4), shall meet the performance requirements of—

(A) the school in which such individual teaches; and

(B) the local educational agency exercising administrative control or direction of, or performing a service function for such school;

(6) shall repay all or part of a Teacher Corps scholarship received under section 1106d(b) of this title plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under subsection (b) of this section, in the event that the conditions of this subsection are not complied with, except as provided for in subsection (c) of this section;

(7) at least during the first year of employment, shall participate in an induction program which includes working with a mentor teacher selected by the local educational agency in which the Teacher Corps member is employed and who, to the extent practicable, is teaching in the same subject as the Teacher Corps member; and

(8) who is not enrolled in a program of study as set forth in section 1106d(a)(1)(C) of this title shall obtain State teacher certification during the period of employment or as soon as possible as State law requires.

**(b) Scholarship repayment****(1) In general**

Individuals found by the State educational agency to be in noncompliance with the agreement entered into under subsection (a) of this section shall be required to repay to the Secretary a pro rata amount of the scholarship awards received, plus interest at the highest rate applicable to loans under part B of subchapter IV of this chapter and, where applicable, reasonable collection fees, in accordance with the provisions of paragraph (3).

**(2) Exceptions to repayment**

An individual shall not be considered to be in violation of the agreement entered into pursuant to subsection (a) of this section during any period in which such individual meets the exceptions to repayment provisions set forth in section 1104g(a)(2), 1104g(a)(3) or 1104g(b) of this title, or if the individual dies.

**(3) Repayment percentages**

Each individual found by the Secretary to be in noncompliance with the agreement entered into under subsection (a) of this section shall be required to repay—

(A) 100 percent of the total amount of scholarships awarded under this subpart if such individual does not teach pursuant to the agreement described in subsection (a) of this section or teaches pursuant to such agreement for less than 1 year;

(B) 67 percent of such amount if such individual teaches pursuant to such agreement for at least 1 year but less than 2 years; and

(C) 34 percent of such amount if such individual teaches pursuant to such agreement for at least 2 years but less than 3 years.

**(4) Interest**

If a portion of scholarship is repaid under this subsection in any year, the entire amount of interest on such portion of such scholarship which accrues for such year shall be repaid.

**(5) Use of repayments**

Any repayments of scholarships made to the Secretary pursuant to the provisions of this section shall be used by the Secretary to make additional grants in accordance with the provisions of this subpart.

**(c) Waiver**

The Secretary may provide for the partial or total waiver or suspension of any service obligation or repayment by an individual who received a Teacher Corps scholarship whenever compliance by such individual is impossible or would involve extreme hardship to such individual.

(Pub. L. 89-329, title V, §546, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 691.)

## PRIOR PROVISIONS

A prior section 546 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §505(a), Oct. 3, 1980, 94 Stat. 1463, authorized appropriations for fiscal years 1981 to 1985 to carry out grant program for training teachers for handicapped children and was classified to section 1119b-5 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1106a of this title.

**§ 1106f. Publication and recruitment****(a) In general**

The Secretary shall—

(1) publicize the availability of, and procedure to apply for, Teacher Corps scholarships, particularly among students participating in teaching-related activities through summer teaching institutes, future teacher clubs, and other teaching-related activities, at institutions of higher education nationwide, particularly in institutions of higher education with large minority enrollments, historically black colleges and universities, secondary schools nationwide (especially such schools with minority enrollment in excess of the statewide average minority enrollment), and with—

(A) individuals participating in programs assisted under subpart 4 of part A of subchapter IV of this chapter;

(B) individuals leaving the armed services, the Peace Corps, VISTA, and programs funded under the National and Community Service Act of 1990 [42 U.S.C. 12501 et seq.];

(C) community-based organizations working in minority education; and

(D) other agencies and entities likely to attract individuals interested in entering teaching from another career;

(2) recruit minority students to participate in the program assisted under this subpart; and

(3) recruit students with outstanding academic records to participate in such program.

**(b) Special rule**

The publications required under subsection (a) of this section shall describe substantive fields of expertise and geographic areas experiencing teacher shortages within the Nation.

(Pub. L. 89-329, title V, § 547, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 693.)

## REFERENCES IN TEXT

The National and Community Service Act of 1990, referred to in subsec. (a)(1)(B), is Pub. L. 101-610, Nov. 16, 1990, 104 Stat. 3127, which is classified principally to chapter 129 (§12501 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 12501 of Title 42 and Tables.

**§ 1106g. Authorization of appropriations**

There are authorized to be appropriated \$25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.

(Pub. L. 89-329, title V, § 548, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 693.)

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1106 of this title.

## PART D—INNOVATION AND RESEARCH

## SUBPART 1—NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS

**§ 1107. National Board for Professional Teaching Standards****(a) Definitions**

For the purpose of this subpart—

(1) The term “Board” means the National Board for Professional Teaching Standards.

(2) The term “Committee” means the Fund for Improvement and Reform of Schools and Teaching Board established in section 4831<sup>1</sup> of this title.

(3) The term “Director” means the Director of the National Science Foundation.

**(b) Program authorization****(1) Program authorized**

From sums appropriated pursuant to the authority of subsection (k) of this section in any fiscal year, the Secretary shall, in accordance with this subpart, provide financial assistance to the National Board for Professional Teaching Standards, in order to pay the costs of the activities described in subsection (d) of this section.

**(2) Terms and conditions**

(A) No financial assistance may be made available under this subpart except upon an application as required by subsection (e) of this section.

(B) No financial assistance may be made available under this subpart unless the Secretary determines that—

(i) the Board will comply with the provisions of this subpart;

(ii) the Board will use the Federal funds only for research and development activities in accordance with subsection (d) of this section and such teacher assessment and certification procedures will be free from racial, cultural, gender or regional bias;

(iii) the Board—

(I) will widely disseminate for review and comment announcements of specific research projects to be conducted with Federal funds, including a description of the goals and focus of the specific project involved and the specific merit review procedures and evaluation criteria to be used in the competitive award process; and

(II) will send such announcements to the Secretary, the Director, the National Research Council, and the educational research community;

(iv) the Secretary, pursuant to an arrangement with the Board, will publish the announcements described in clause (iii) in the Federal Register (or such other publication deemed appropriate by the Secretary) and in publications of general circulation designed to disseminate such announcements widely to the educational research community;

(v) the Board will, after offering any interested party an opportunity to make com-

<sup>1</sup> See References in Text note below.



ment upon, and take exception to, the projects contained in the announcements described in clause (iii) for a 30-day period following publication, and after reconsidering any project upon which comment is made or to which exception is taken, issue through the Secretary a request for proposals in the Federal Register (or such other publication deemed appropriate by the Secretary) containing any revised project information;

(vi) the Board will make awards of Federal funds competitively on the basis of merit, and, in the award process, the Board will select, to the extent practicable consistent with standards of excellence—

(I) a broad range of institutions associated with educational research and development; and

(II) individuals who are broadly representative of the educational research and teaching communities with expertise in the specific area of research and development in question;

(vii) the Board will adopt audit practices customarily applied to nonprofit private organizations and will comply with subsection (g)(4) of this section;

(viii) the Board will not use Federal funds to meet the administrative and operating expenses of the Board;

(ix) the Board will submit an annual report to the Congress in accordance with the provisions of subsection (g)(1) of this section; and

(x) the Board will, upon request, disseminate to States, local educational agencies, or other public educational entities the results of any research or research project produced with funds authorized by this subpart, upon the payment of the cost of reproducing the appropriate material.

### **(3) Availability of funds**

(A) Notwithstanding any other provision of law, funds appropriated to carry out this subpart shall remain available for obligation and expenditure until the end of the second fiscal year succeeding the fiscal year for which the funds were appropriated.

(B) No funds shall be made available to the Board after September 30, 1997, except as authorized by subparagraph (A) of this subsection.

### **(c) Consultation**

The Board shall consult at least twice annually with the Committee on the design and execution of its overall research and development strategy, including procedures to assure compliance with the requirements of this subpart. The procedures shall include—

(1) an outline of specific research and development agenda and activities to be conducted with the Federal funds; and

(2) provisions to ensure compliance with the open competition and merit review requirements of this subpart for proposals and projects assisted under this subpart.

### **(d) Authorized activities**

#### **(1) In general**

Federal funds received under this subpart may only be used for research and develop-

ment activities directly related to the development of teacher assessment and certification procedures for elementary and secondary school teachers.

### **(2) Priorities**

(A) The Board shall give priority to research and development activities in—

(i) mathematics;

(ii) the sciences;

(iii) foreign languages; and

(iv) literacy, including the ability to read, write and analyze.

(B) The Board shall give priority to research and development activities for the certification of elementary and secondary school teachers and the need and ability of such teachers to teach special educational populations, including—

(i) limited English proficient children;

(ii) gifted and talented children;

(iii) children with disabilities; and

(iv) economically and educationally disadvantaged children.

### **(e) Application**

#### **(1) In general**

The Board shall submit applications to the Secretary at such time and in such manner as the Secretary may reasonably require. Each such application shall—

(A) describe the activities for which assistance is sought; and

(B) provide assurances that the non-Federal contributions described in subsection (f) of this section are paid from non-Federal sources, together with a description of the manner in which the Board will comply with the requirements of this subparagraph.

### **(2) Approval**

The Secretary shall approve an application unless such application fails to comply with the provisions of this subpart.

### **(f) Matching funds requirement**

#### **(1) In general**

The Secretary shall not provide financial assistance under this subpart to the Board unless the Board agrees to expend non-Federal contributions equal to \$1 for every \$1 of the Federal funds provided pursuant to such financial assistance.

### **(2) Non-Federal contributions**

The non-Federal contributions described in paragraph (1)—

(A) may include all non-Federal funds raised by the Board on or after January 1, 1987; and

(B) may be used for outreach, implementation, administration, operation, and other costs associated with the development and implementation of national teacher assessment and certification procedures under this subpart.

### **(g) Reports and auditing provision**

#### **(1) National Board for Professional Teaching Standards report**

The Board shall submit an annual report to the appropriate committees of the Congress

not later than June 30 of any fiscal year in which Federal funds are expended pursuant to this subpart. The Board shall disseminate the report for review and comment to the Department of Education, the National Science Foundation, the National Research Council, and the education research community. The report shall—

(A) include a detailed financial statement and a report of the audit practices described in subsection (b)(2)(B)(vii) of this section;

(B) include a description of the general procedures to assure compliance with the requirements of this subpart as required in subsection (d) of this section; and

(C) provide a comprehensive and detailed description of the Board's agenda, activities, and planned activities for the preceding and succeeding fiscal years, including—

(i) the Board's overall research and development program and activities;

(ii) the specific research and development projects and activities conducted with Federal funds during the preceding fiscal year, including—

(I) a description of the goals and methodology of the project;

(II) a description and assessment of the findings (or status and preliminary findings if the project is not yet completed);

(III) a description of the competitive bidding process, the merit review procedures, and the evaluation criteria used to award project funds; and

(IV) a description of the Board's plans for dissemination of the findings described in clause (ii);

(iii) the specific research and development projects and activities planned to be conducted with Federal funds during the succeeding fiscal year, including the goals and methodologies to be used; and

(iv) a listing of available publications of the Board, including publications related to policies, standards and general information, research reports, and commissioned papers of the Board.

## **(2) First annual report**

The first annual report required by this subsection shall include a description of the Board's research and development agenda for the succeeding 5-year period. Such first report shall include to the maximum extent practicable, a description of specific research and development projects and activities, and the goals and methodologies of such projects and activities.

## **(3) Additional reports**

The Secretary, the Director, and the National Research Council shall report to the appropriate committees of the Congress on the compliance of the Board with the requirements of this part not later than 30 days after the Board submits its annual report pursuant to paragraph (1).

## **(4) Auditing provision**

The Comptroller General of the United States, and any of the Comptroller's authorized representatives, shall have access, for the

purpose of audit and examination, to any books, documents, papers, and records of the Board, and to any recipient of the Board, that is pertinent to the sums received and disbursed under this subpart.

## **(h) Evaluation**

### **(1) In general**

After September 30, 1995, the Secretary shall reserve not more than 2 percent of the amount appropriated pursuant to the authority of subsection (k) of this section to provide for an independent, ongoing evaluation of the research program of teacher assessments carried out by the Board and the fairness and the accuracy of the data such evaluations produce. The evaluation shall include an analysis of the impact of teacher assessments on minority teachers. The findings of the evaluation shall be submitted to the Labor and Human Resources Committee of the Senate and the Education and Labor Committee of the House of Representatives.

### **(2) Special rule**

The Secretary shall enter into a contract for the performance of the evaluation described in paragraph (1) with a nationally recognized organization (such as the National Academy of Sciences or the National Academy of Education).

## **(i) Construction**

Nothing in this subpart shall be construed to—

(1) establish a preferred national curriculum or preferred teaching methodology for elementary and secondary school instruction;

(2) infringe upon the rights and responsibilities of the States to license elementary and secondary school teachers;

(3) infringe upon the practice or accreditation of home school or private school teaching;

(4) provide an individual certified by the Board with a right of action against a State, local educational agency, or other public educational entity for any decisions related to hiring, promotion, retention or dismissal;

(5) authorize the Board to—

(A) study, create, or promulgate separate standards applicable to home school or private school teachers;

(B) take any action to require home school, private school, or public school teachers to participate in any program offered by the Board; or

(C) take any action that infringes in any manner on the right of parents to direct the education of their children; or

(6) authorize the Secretary to exercise supervision or control over the research program, standards, assessment practices, administration, or staffing policies of the Board.

## **(j) Voluntary participation**

Notwithstanding any other provision of this subpart, voluntary participation in certification assessments by the Board shall be open to home school, private school, and public school teachers.

## **(k) Authorization of appropriations**

There are authorized to be appropriated \$20,000,000 for the period beginning October 1,

1992, and ending September 30, 1997, to carry out the provisions of this subpart.

(Pub. L. 89-329, title V, §551, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 693; amended Pub. L. 103-227, title X, §1013, Mar. 31, 1994, 108 Stat. 265.)

#### REFERENCES IN TEXT

Section 4831 of this title, referred to in subsec. (a)(2), was repealed by Pub. L. 103-382, title III, §365, Oct. 20, 1994, 108 Stat. 3975.

#### PRIOR PROVISIONS

A prior section 1107, Pub. L. 89-329, title V, §531, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1500, related to purpose and authority for professional development resource centers program, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 551 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1506; amended Pub. L. 100-50, §17(a), June 3, 1987, 101 Stat. 359, set forth the purpose of the Congressional teacher scholarship program and was classified to section 1111 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 551 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §506, Oct. 3, 1980, 94 Stat. 1464, stated Congressional findings concerning Federal programs to train education professionals and was classified to section 1119c of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 551 of Pub. L. 89-329, title V, as added Pub. L. 90-576, title II, §201, Oct. 16, 1968, 82 Stat. 1091, stated the Congressional declaration of purpose and was classified to section 1119c of this title, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(C), title II, §204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

Another prior section 1107, Pub. L. 89-329, title V, §517, Nov. 8, 1965, 79 Stat. 1258; Pub. L. 90-35, §3(a)(3), June 29, 1967, 81 Stat. 85, prohibited members of the Teacher Corps from acting as replacements for teachers, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

Sections 1107a to 1107d were omitted in the general revision of this subchapter by Pub. L. 102-325.

Section 1107a, Pub. L. 89-329, title V, §532, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1501, related to geographical distribution of grants to establish and operate professional development resource centers.

Another prior section 1107a, Pub. L. 89-329, title V, §517A, as added Pub. L. 90-35, §3(i), June 29, 1967, 81 Stat. 87, related to teaching children of migratory agricultural workers, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

Section 1107b, Pub. L. 89-329, title V, §533, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1501, related to grant requirements for professional development resource centers.

Section 1107c, Pub. L. 89-329, title V, §534, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1502, related to requirement for professional development policy boards.

Section 1107d, Pub. L. 89-329, title V, §535, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1502, related to submission and approval of applications for grants to establish and operate professional development resource centers.

#### AMENDMENTS

1994—Subsec. (b)(1). Pub. L. 103-227, §1013(1), struck out “the Federal share of” after “in order to pay”.

Subsec. (e)(1)(B). Pub. L. 103-227, §1013(2), which directed substitution of “contributions described in subsection (f) of this section are” for “share of the cost of the activities of the Board is”, was executed by making the substitution for “share of the cost of activities of

the Board is”, to reflect the probable intent of Congress.

Subsec. (f). Pub. L. 103-227, §1013(3), amended heading and text of subsec. (f) generally. Prior to amendment, subsec. (f) read as follows:

“(f) FEDERAL SHARE.—

“(1) IN GENERAL.—The Secretary shall pay to the Board the Federal share of the costs of the activities of the Board for the period for which the application is approved under subsection (e) of this section.

“(2) AMOUNT OF FEDERAL SHARE.—The Federal share shall be 50 percent of the costs of the activities described in subsection (d) of this section.”

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

#### SUBPART 2—ALTERNATIVE ROUTES TO TEACHER CERTIFICATION AND LICENSURE

### §§ 1108 to 1108g. Repealed. Pub. L. 102-325, title V, §501(b), July 23, 1992, 106 Stat. 719

Section 1108, Pub. L. 89-329, title V, §552, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 698, provided that this subpart could be cited as the “Alternative Routes to Teacher Certification and Licensure Act of 1992”.

A prior section 1108, Pub. L. 89-329, title V, §518, as added Pub. L. 90-35, §4, June 29, 1967, 81 Stat. 87; amended Pub. L. 90-575, title II, §§231(a), 233(a), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, §§141(a)(1)(B), (c)(1)(D), (2)(A), 143(a)(1), June 23, 1972, 86 Stat. 284-286, authorized a program for making grants to States to alleviate teacher shortages, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

A prior section 552 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1506, related to allocation of funds among States for Congressional Teacher Scholarships and was classified to section 1111a of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 552 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §506, Oct. 3, 1980, 94 Stat. 1464, stated Congressional declaration of policy concerning Federal programs to support education professional development and was classified to section 1119c-1 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 552 of Pub. L. 89-329, title V, as added Pub. L. 90-576, title II, §201, Oct. 16, 1968, 82 Stat. 1092, related to leadership development awards and was classified to section 1119c-1 of this title, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(C), title II, §204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

Section 1108a, Pub. L. 89-329, title V, §553, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 698, provided congressional findings concerning alternative teacher certification and licensure.

A prior section 553 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1506; amended Pub. L. 100-50, §17(b), June 3, 1987, 101 Stat. 359, related to grant applications for Congressional Teacher Scholarships and was classified to section 1111b of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 553 of Pub. L. 89-329, title V, as added Pub. L. 96-374, title V, §506, Oct. 3, 1980, 94 Stat. 1464; amended Pub. L. 99-386, title I, §103(b), Aug. 22, 1986, 100 Stat. 821, established Office of Education Professional Development and was classified to section 1119c-2 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

Another section 553 of Pub. L. 89-329, title V, as added Pub. L. 90-576, title II, §201, Oct. 16, 1968, 82 Stat. 1093,

related to exchange programs, institutes, and in-service education for vocational education teachers, supervisors, coordinators, and administrators and was classified to section 1119c-2 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(C), title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

Section 1108b, Pub. L. 89-329, title V, § 554, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 698, stated purpose of this subpart.

A prior section 554 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1508, related to amount and duration of assistance under Congressional Teacher Scholarship program and was classified to section 1111c of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 554 of Pub. L. 89-329, title V, as added Pub. L. 90-576, title II, § 201, Oct. 16, 1968, 82 Stat. 1094, related to familiarizing teachers with new curricular methods and was classified to section 1119c-3 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(C), title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

Section 1108c, Pub. L. 89-329, title V, § 555, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 699, provided for allotments of funds to States.

A prior section 555 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1508, related to selection of Congressional Teacher Scholars and was classified to section 1111d of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 555 of Pub. L. 89-329, title V, as added Pub. L. 94-482, title I, § 151(a)(4)(B), Oct. 12, 1976, 90 Stat. 2152, authorized appropriation for the fiscal years ending prior to Oct. 1, 1977, and was classified to section 1119c-4 of this title, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(C), title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

An identical section 555 of Pub. L. 89-329 was added by Pub. L. 94-482, title II, § 201(q), Oct. 12, 1976, 90 Stat. 2169, and repealed by Pub. L. 94-482, title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2215.

Another prior section 555 of Pub. L. 89-329, title V, as added by Pub. L. 90-576, title II, § 201, Oct. 16, 1968, 82 Stat. 1094; amended by Pub. L. 91-230, title VII, § 708, Apr. 13, 1970, 84 Stat. 189, authorized appropriations for fiscal years 1969 to 1972 and was classified to section 1119c-4 of this title, prior to repeal by Pub. L. 92-318, title I, § 141(c)(1)(H), June 23, 1972, 86 Stat. 285.

Section 1108d, Pub. L. 89-329, title V, § 556, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 699; amended Pub. L. 103-382, title II, § 261(i)(2), Oct. 20, 1994, 108 Stat. 3929, related to State applications for grants under this subpart.

A prior section 556 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1509, related to conditions for Congressional Teacher Scholarships and was classified to section 1111e of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Section 1108e, Pub. L. 89-329, title V, § 557, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 700, outlined permissible uses of funds.

A prior section 557 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1509; amended Pub. L. 100-50, § 17(c), June 3, 1987, 101 Stat. 359, related to Congressional Teacher Scholarship repayments and was classified to section 1111f of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Section 1108f, Pub. L. 89-329, title V, § 558, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 700, defined "State" for purposes of this subpart.

A prior section 558 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1509; amended Pub. L. 100-50, § 17(d), June 3, 1987, 101 Stat. 359, related to exceptions to Congressional Teacher Scholarship repayment provisions and was classified to section 1111g of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Section 1108g, Pub. L. 89-329, title V, § 559, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 700, authorized appropriations for fiscal year 1993 to carry out this subpart.

A prior section 559 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1510, related to Federal administration of State programs and judicial review of Congressional Teacher Scholarship programs and was classified to section 1111h of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

#### EFFECTIVE DATE OF REPEAL

Section 501(b) of Pub. L. 102-325 provided that: "Effective July 1, 1995, the Alternative Routes to Teacher and Principal Certification and Licensure Act of 1992 (as contained in subpart 2 of part D of title V of this Act [enacting this subpart] is repealed."

#### SUBPART 3—CLASS SIZE DEMONSTRATION GRANT

### § 1109. Purpose

It is the purpose of this subpart to provide grants to local educational agencies to enable such agencies to determine the benefits in various school settings of reducing class size on the educational performance of students and on classroom management and organization.

(Pub. L. 89-329, title V, § 561, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 700.)

#### PRIOR PROVISIONS

A prior section 1109, Pub. L. 89-329, title V, § 541, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1503; amended Pub. L. 100-50, § 16(1), June 3, 1987, 101 Stat. 358; Pub. L. 101-226, § 20, Dec. 12, 1989, 103 Stat. 1936, related to purpose of, and regulations under, leadership in educational administration development program, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1109, Pub. L. 89-329, title V, § 519, as added Pub. L. 90-35, § 4, June 29, 1967, 81 Stat. 88; amended Pub. L. 90-575, title II, § 234(a), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, § 141(c)(2)(B), June 23, 1972, 86 Stat. 285, authorized allotments and reallocations to States, etc., for grants for implementation of program and set forth criteria for determination of amounts, prior to repeal Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

A prior section 561 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1510, related to purpose and designation of Christa McAuliffe Fellowships and was classified to section 1113 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 561 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2894, stated purpose and authorized appropriations for Carl D. Perkins Scholarship program and was classified to section 1119d of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1109a. Program authorized

#### (a) Program authorized

##### (1) In general

The Secretary shall carry out a program of awarding grants, in accordance with the provisions of this subpart, to local educational agencies to pay the Federal share of the costs of conducting demonstration projects that demonstrate methods of reducing class size which may provide information meaningful to other State and local educational agencies.

**(2) Federal share**

The Federal share shall be 50 percent.

**(b) Reservation**

The Secretary may reserve not more than 5 percent of the amount appropriated pursuant to the authority of section 1109e of this title in each fiscal year to carry out the evaluation activities described in section 1109d of this title.

**(c) Selection criteria**

The Secretary shall make grants to local educational agencies on the basis of—

- (1) the need and the ability of a local educational agency to reduce the class size of an elementary or secondary school served by such agency;
- (2) the ability of a local educational agency to furnish the non-Federal share of the costs of the demonstration project for which assistance is sought;
- (3) the ability of a local educational agency to continue the project for which assistance is sought after the termination of Federal financial assistance under this subpart; and
- (4) the degree to which a local educational agency demonstrates in the application submitted pursuant to section 1109c of this title consultation in program implementation and design with parents, teachers, school administrators, and local teacher organizations, where applicable.

**(d) Priority**

In awarding grants under this subpart, the Secretary shall give priority to demonstration projects that involve at-risk students, including educationally or economically disadvantaged students, students with disabilities, limited-English proficient students, and young students.

**(e) Grants must supplement other funds**

A local educational agency shall use the Federal funds received under this subpart to supplement and not supplant other Federal, State and local funds available to the local educational agency.

(Pub. L. 89-329, title V, §562, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 700.)

**PRIOR PROVISIONS**

A prior section 1109a, Pub. L. 89-329, title V, §542, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1504; amended Pub. L. 100-50, §16(2), June 3, 1987, 101 Stat. 358, related to allocation of appropriations for leadership in educational administration development program, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 562 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1511, related to use of funds under Christa McAuliffe Fellowship program and was classified to section 1113a of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 562 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, §701, Oct. 30, 1984, 98 Stat. 2894, provided for allocation among States of funds appropriated for Carl D. Perkins Scholarship program and was classified to section 1119d-1 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

**§ 1109b. Program requirements****(a) Annual competition**

In each fiscal year, the Secretary shall announce the factors to be examined in a demonstration project assisted under this subpart. Such factors may include—

- (1) the magnitude of the reduction in class size to be achieved;
- (2) the level of education and the subject areas in which the demonstration projects shall occur;
- (3) the form of the instructional strategy to be demonstrated; and
- (4) the duration of the project.

**(b) Random techniques and appropriate comparison groups**

Demonstration projects assisted under this subpart shall be designed to utilize randomized techniques or appropriate comparison groups, where feasible.

(Pub. L. 89-329, title V, §563, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 701.)

**PRIOR PROVISIONS**

A prior section 1109b, Pub. L. 89-329, title V, §543, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1504; amended Pub. L. 100-50, §16(3), June 3, 1987, 101 Stat. 358, related to technical assistance centers under leadership in educational administration development program, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 563 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1511, related to Christa McAuliffe fellowships and was classified to section 1113b of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 563 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, §701, Oct. 30, 1984, 98 Stat. 2894, provided for form, content, and processing of applications for grants to States under Carl D. Perkins Scholarship program and was classified to section 1119d-2 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1109c of this title.

**§ 1109c. Application****(a) In general**

In order to receive a grant under this subpart a local educational agency shall submit an application to the Secretary that is responsive to the announcement described in section 1109b(a) of this title, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

**(b) Duration**

The Secretary shall encourage local educational agencies to submit applications under this subpart for a period of 3 years.

**(c) Contents**

Each application submitted pursuant to subsection (a) of this section shall include—

- (1) a description of the objectives to be attained with the financial assistance made available under this subpart and the manner in which such financial assistance shall be used to reduce class size;

(2) a description of the steps to be taken to achieve target class sizes, including, where applicable, the acquisition of additional teaching personnel and classroom space;

(3) a statement of the methods for the collection of data necessary for the evaluation of the impact of class size reduction programs on student achievement;

(4) an assurance that the local educational agency shall pay from non-Federal sources the non-Federal share of the costs of the demonstration project for which assistance is sought; and

(5) such additional assurances as the Secretary may reasonably require.

**(d) Sufficient size and scope required**

The Secretary shall only award grants under this subpart to applicants having applications which describe projects of sufficient size and scope to contribute to carrying out the purposes of this subpart.

(Pub. L. 89-329, title V, § 564, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 701.)

**PRIOR PROVISIONS**

A prior section 1109c, Pub. L. 89-329, title V, § 544, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1505; amended Pub. L. 100-50, § 16(4), June 3, 1987, 101 Stat. 359, related to general criteria for grants under leadership in educational administration development program, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 564 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1511, related to selection of Christa McAuliffe teacher fellowships and was classified to section 1113c of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 564 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2896, related to amount and duration of Carl D. Perkins Scholarships and relationship of Scholarships to other forms of assistance and was classified to section 1119d-3 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1109a, 1109b of this title.

**§ 1109d. Evaluation and dissemination**

**(a) National evaluation**

The Secretary shall conduct a national evaluation of the demonstration projects assisted under this subpart to determine the costs incurred in achieving the reduction in class size and the effects of the reductions on outcomes, such as student performance in the affected subjects or grades, attendance, discipline, classroom organization, management, and teacher satisfaction and retention.

**(b) Cooperation**

Each local educational agency receiving a grant under this subpart shall cooperate in the national evaluation described in subsection (a) of this section and shall provide such information to the Secretary as the Secretary may reasonably require.

**(c) Reports**

The Secretary shall report to the Congress on the results of the evaluation conducted pursuant to subsection (a) of this section.

**(d) Dissemination**

The Secretary shall widely disseminate information about the results of the class size demonstration projects assisted under this subpart.

(Pub. L. 89-329, title V, § 565, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 702.)

**PRIOR PROVISIONS**

A prior section 1109d, Pub. L. 89-329, title V, § 545, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1505; amended Pub. L. 100-50, § 16(5), June 3, 1987, 101 Stat. 359, defined terms for purposes of leadership in educational administration development program, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 565 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1511, related to evaluation of applications for Christa McAuliffe fellowships and was classified to section 1113d of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 565 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2896, provided for selection of Carl D. Perkins Scholars and was classified to section 1119d-4 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1109a of this title.

**§ 1109e. Authorization of appropriations**

There are authorized to be appropriated \$3,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

(Pub. L. 89-329, title V, § 565A, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 702.)

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1109a of this title.

**SUBPART 4—MIDDLE SCHOOL TEACHING  
DEMONSTRATION PROGRAMS**

**§ 1110. Statement of purpose**

It is the purpose of this subpart to provide financial assistance to institutions of higher education which offer teacher training or retraining programs to develop model programs with a specialized focus on teaching grades 6 through 9.

(Pub. L. 89-329, title V, § 566, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 703.)

**PRIOR PROVISIONS**

A prior section 1110, Pub. L. 89-329, title V, § 520, as added Pub. L. 90-35, § 4, June 29, 1967, 81 Stat. 88; amended Pub. L. 90-575, title II, § 233(b), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, §§ 143(a)(2), (3), 144(a), 145(a), 146(a), June 23, 1972, 86 Stat. 286, 287, set forth requirements for State plans as prerequisite for receipt of grant by State, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

A prior section 566 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1512, related to Christa McAuliffe fellowship repayment provisions and was classified to section 1113e of this

section, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 566 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2897, provided conditions for continued receipt of Carl D. Perkins Scholarship assistance and was classified to section 1119d-5 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1110a. Definitions

As used in this subpart:

(1) The term “developmentally appropriate” means a program that is appropriate for a child’s age and all areas of an individual child’s development, including educational, physical, emotional, social, cognitive, and communication.

(2) The term “middle school” means a school which enrolls students in at least two of the grades 6, 7, 8, and 9.

(Pub. L. 89-329, title V, § 567, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 703.)

#### PRIOR PROVISIONS

A prior section 1110a, Pub. L. 89-329, title V, § 520A, as added Pub. L. 90-35, § 4, June 29, 1967, 81 Stat. 89, set forth manner of repayment of amounts expended by each State for implementation of State plan, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

A prior section 567 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2897, provided for repayment of Carl D. Perkins Scholarship assistance in case of noncompliance with program agreement and was classified to section 1119d-6 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1110b. Program authorized

#### (a) In general

The Secretary is authorized to make grants, on a competitive basis, to institutions of higher education to develop model programs with a specialized focus on teaching grades 6 through 9.

#### (b) Special rule

##### (1) Equitable distribution

The Secretary shall ensure an equitable geographic distribution of grants awarded under this subpart.

##### (2) Consideration

The Secretary shall take into consideration equitable levels of funding for urban and rural areas in awarding grants under this subpart.

#### (c) Grant period

Grants under this subpart may be awarded for a period not to exceed 3 years.

#### (d) Funding limitation

Grants awarded under this subpart may not exceed \$250,000 in the first year of funding.

(Pub. L. 89-329, title V, § 568, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 703.)

#### PRIOR PROVISIONS

A prior section 1110b, Pub. L. 89-329, title V, § 520B, as added Pub. L. 90-35, § 4, June 29, 1967, 81 Stat. 89, set forth requirements for disapproval of State plans by Commissioner, prior to repeal by Pub. L. 94-482, title I,

§ 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

A prior section 568 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2897, provided exceptions to repayment requirements and was classified to section 1119d-7 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1110c. Application

#### (a) In general

Each institution of higher education desiring a grant under this subpart shall submit an application to the Secretary at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

#### (b) Contents

Each application submitted pursuant to subsection (a) of this section shall demonstrate that—

(1) the applicant will establish and maintain a program of teacher training or retraining designed to offer specialized preparation for individuals teaching grades 6 through 9;

(2) the applicant has designed a program of teacher training or retraining which includes—

(A) a study of adolescent development (including cognitive, social, and emotional) with particular emphasis on early adolescent development;

(B) a study of the influence of institutions such as schools, families, and peer groups in the socialization of adolescents;

(C) information concerning the organization of schools for students in grades 6 through 9, with particular emphasis on developmentally appropriate school and classroom organization and practices;

(D) training in at least 2 subject areas and related instructional strategies;

(E) direct experience through internships in middle grade schools under the guidance of teachers who demonstrate exemplary classroom practices;

(F) strategies for the prevention and detection of high risk behavior, particularly drug and alcohol abuse, and for the enhancement of self esteem among adolescents;

(G) a study of effective methods and models of presenting substance abuse information and education to adolescent students; and

(H) methods of encouraging parental and community involvement with middle schools; and

(3) the program will be designed and operated with the active participation of classroom teachers and will include an in-service training component.

(Pub. L. 89-329, title V, § 569, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 703.)

#### PRIOR PROVISIONS

A prior section 1110c, Pub. L. 89-329, title V, § 520C, as added Pub. L. 90-35, § 4, June 29, 1967, 81 Stat. 90, set forth procedure for judicial review of determinations of Commissioner with respect to State plan, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

A prior section 569 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2898, related to Federal administration of State programs to make available Carl D. Perkins Scholarships and judicial review thereof and was classified to section 1119d-8 of this title, prior to the general revision of this subchapter by 99-498.

#### § 1110d. Reports and information dissemination

Each institution of higher education receiving a grant under this subpart shall submit to the Secretary such reports and other information regarding programs conducted under this subpart as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education, State educational agencies, and local educational agencies.

(Pub. L. 89-329, title V, § 570, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 704.)

#### § 1110e. Authorization of appropriations

There are authorized to be appropriated \$5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this subpart.

(Pub. L. 89-329, title V, § 570A, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 704.)

### PART E—MINORITY TEACHER RECRUITMENT

#### SUBPART 1—NEW TEACHING CAREERS

#### § 1111. Statement of purpose

It is the purpose of this subpart to establish and operate new career programs to attract minority candidates, who are in school support or paraprofessional positions in shortage area schools serving disadvantaged students, to careers as certified or licensed teachers.

(Pub. L. 89-329, title V, § 571, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 704.)

#### PRIOR PROVISIONS

A prior section 1111, Pub. L. 89-329, title V, § 551, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1506; amended Pub. L. 100-50, § 17(a), June 3, 1987, 101 Stat. 359, set forth purpose of Congressional teacher scholarship program, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1111, Pub. L. 89-329, title V, § 521, Nov. 8, 1965, 79 Stat. 1258; Pub. L. 90-35, § 5(b), June 29, 1967, 81 Stat. 90; Pub. L. 90-247, title VII, § 704(a), Jan. 2, 1968, 81 Stat. 820; Pub. L. 90-575, title II, § 235, Oct. 16, 1968, 82 Stat. 1040; Pub. L. 91-230, title VIII, § 806(a), Apr. 13, 1970, 84 Stat. 192; Pub. L. 92-318, title I, § 146A, June 23, 1972, 86 Stat. 287, set forth Congressional declaration of policy and statement of purpose, and definitions for fellowship program for teachers and related educational personnel, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

A prior section 571 of Pub. L. 89-329, title V, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1512, related to State task forces on teacher training and was classified to section 1115 of this title, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 571 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98

Stat. 2898, stated purpose of establishing national fellowship program for outstanding teachers and was classified to section 1119e of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

#### § 1111a. State grant authority; applications

##### (a) Authority

###### (1) Grants by Secretary

In any fiscal year in which appropriations for this subpart do not equal or exceed \$50,000,000, the Secretary is authorized, in accordance with this subpart, to award grants, on a competitive basis, to States to enable States to pay the Federal share of supporting programs that carry out the purpose of this subpart.

###### (2) State grant program

In any fiscal year in which appropriations for this subpart equal or exceed \$50,000,000, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to States in accordance with allocations under subsection (b) of this section to enable States to pay the Federal share of supporting programs that carry out the purposes of this subpart.

##### (b) Allocation among States

Except as provided in subsection (a)(1) of this section, each State shall be eligible to receive a grant under this subpart in each fiscal year that bears as nearly as possible the same ratio to the amount appropriated under section 1111h of this title as the allocation of funds under part A of title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6311 et seq.] in that State bears to the total allocation of such funds in all States, except that no State grant shall be less than \$500,000 in any fiscal year.

##### (c) Duration of grant

Each grant awarded under this subpart shall be awarded for a term of 5 years, subject to the availability of appropriations.

##### (d) Federal share

The Federal share of each grant awarded under this subpart shall be 75 percent in the first year in which the State receives a grant, 65 percent in the second such year, 55 percent in the third such year, 45 percent in the fourth such year, and 35 percent in the fifth such year.

##### (e) Non-Federal share

The non-Federal share of each grant awarded under this subpart may be in cash or in kind fairly evaluated, including planned equipment or services.

##### (f) Submission of State applications

In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall—

(1) contain assurances that the State will award grants on a competitive basis to eligible recipients submitting applications described in section 1111c of this title;

(2) set forth a program of activities for carrying out the purposes set forth in this sub-



part in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

(Pub. L. 89-329, title V, §572, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 704; amended Pub. L. 103-382, title III, §391(e)(5), Oct. 20, 1994, 108 Stat. 4022.)

#### REFERENCES IN TEXT

The Elementary and Secondary Education Act of 1965, referred to in subsec. (b), is Pub. L. 89-10, Apr. 11, 1965, 79 Stat. 27, as amended generally by Pub. L. 103-382, title I, §101, Oct. 20, 1994, 108 Stat. 3519. Part A of title I of the Act is classified generally to part A (§6311 et seq.) of subchapter I of chapter 70 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6301 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1111a, Pub. L. 89-329, title V, §552, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1506, related to allocation of funds among the States for Congressional teacher scholarships, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 572 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, §701, Oct. 30, 1984, 98 Stat. 2898, authorized appropriations for fiscal years 1986 to 1989 for fellowships to outstanding teachers and was classified to section 1119e-1 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

#### AMENDMENTS

1994—Subsec. (b). Pub. L. 103-382 substituted “part A of title I” for “part A of chapter 1 of title I”.

### § 1111b. Agreements

Each State receiving a grant under this subpart shall enter into an agreement with the Secretary. Each such agreement shall include provisions designed to ensure that—

(1) the State educational agency, the State higher education agency, or the State agency which administers subpart 4 of part A of subchapter IV of this chapter, relating to State student incentive grants, will administer the program authorized by this subpart in the State;

(2) the State educational agency or higher education agency will use not more than 5 percent of the grant it receives for administrative expenses;

(3) the State educational agency or higher education agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary; and

(4) the State will establish a system for the evaluation of the programs assisted under this subpart.

(Pub. L. 89-329, title V, §573, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 705.)

#### PRIOR PROVISIONS

A prior section 1111b, Pub. L. 89-329, title V, §553, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1506; amended Pub. L. 100-50, §17(b), June 3, 1987,

101 Stat. 359, related to grant applications for Congressional teacher scholarships, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 573 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, §701, Oct. 30, 1984, 98 Stat. 2899, provided for program of talented teacher fellowships and was classified to section 1119e-2 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1111c. Application

#### (a) In general

A grant under this subpart may be made only to an eligible recipient which submits an application to the State containing or accompanied by such information as the State may reasonably require.

#### (b) Contents of application

Each such application shall—

(1) describe the activities and services for which assistance is sought;

(2) set forth the number of expected participants in each program assisted under this subpart;

(3) demonstrate steps on a career ladder leading to the position of fully credentialed teacher, ranging from nonskilled entry positions, extending through intermediate subprofessional functions, and terminating in full professional status as a certified teacher duly recognized by the appropriate State agency;

(4) contain assurances that advancement within such career ladders would be based on merit, but that the opportunity for professional growth is available to all;

(5) demonstrate a plan for employing permanently individuals who have participated in the program at their new level of training, including individuals who terminate the program at a level below that of fully credentialed teacher;

(6) demonstrate a plan for bringing a sizable portion of the educational program and coursework to the place of the participant's employment;

(7) demonstrate a plan for providing academic credit for in-service training and other relevant experience as well as formal academic coursework;

(8) provide for participation of individuals who have attained various levels of education, including individuals who have not completed high school, with special consideration for such participation given to individuals already serving within the school system;

(9) provide assurances that the program assisted under this subpart will be available to individuals with disabilities; and

(10) contain such other assurances as the State may reasonably require.

(Pub. L. 89-329, title V, §574, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 705.)

#### PRIOR PROVISIONS

A prior section 1111c, Pub. L. 89-329, title V, §554, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1508, related to amount and duration of assistance under Congressional teacher fellowships and relationship of such assistance to other assistance, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 574 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, §701, Oct. 30, 1984, 98 Stat. 2899, provided for selection of recipients of talented teacher fellowships and was classified to section 1119e-3 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1111a of this title.

### § 1111d. Requirements

#### (a) General requirements

An eligible recipient of a grant under this subpart shall require that any paraprofessional who receives student financial assistance under this subpart and who becomes a fully certified or licensed teacher enter into an agreement under which the paraprofessional shall—

(1) within the 10-year period after completing the postsecondary education for which the assistance was provided, act as an educational professional or a paraprofessional in the local educational agency that is a consortium member of the eligible recipient providing such assistance, or, if no teaching position is offered by such local educational agency, in a shortage area school approved by the State for a period of not less than one year for each full-time academic year or equivalent for which the assistance was received;

(2) provide to the State evidence of compliance with paragraph (1); and

(3) repay that portion of the student financial assistance received under this subpart which was provided for tuition, plus interest and reasonable collection costs (if applicable), in the event that the teacher fails to comply with the conditions of paragraph (1), in accordance with the regulations prescribed by the Secretary under section 1104f of this title, except that the provisions of this paragraph shall not apply to anyone for whom no teaching position was made available by the local educational agency or State, or in the circumstances provided in section 1104g of this title.

#### (b) Amount of financial assistance

The amount of financial assistance awarded under this subpart shall be reduced by the amount that the financial assistance exceeds the student's cost of attendance, as defined in section 1087ll of this title. Financial assistance awarded under this subpart shall not be reduced on the basis of the student's receipt of other forms of Federal student financial assistance but shall be taken into account in determining the eligibility of the student for those other forms of Federal student financial assistance.

(Pub. L. 89-329, title V, §575, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 706.)

#### PRIOR PROVISIONS

A prior section 1111d, Pub. L. 89-329, title V, §555, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1508, related to the selection of Congressional teacher scholars, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 575 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, §701, Oct. 30, 1984, 98 Stat. 2899, provided for submission and evaluation of applications

for talented teacher fellowship assistance and was classified to section 1119e-4 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1111e. Special consideration

In awarding grants under this subpart, the State shall give special consideration to—

(1) programs designed to identify, recruit, and certify—

(A) speakers of non-English languages who have been trained as teachers in their home country; or

(B) individuals already employed in a local educational agency; and

(2) eligible recipients located in shortage areas as defined in section 1111g of this title.

(Pub. L. 89-329, title V, §576, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 707.)

#### PRIOR PROVISIONS

A prior section 1111e, Pub. L. 89-329, title V, §556, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1509, related to conditions for Congressional teacher scholarships, prior to the general revision of this subchapter by Pub. L. 102-325.

A prior section 576 of Pub. L. 89-329, title V, as added Pub. L. 98-558, title VII, §701, Oct. 30, 1984, 98 Stat. 2900, provided for repayment of awards to Federal Government in case of fraud or gross noncompliance and was classified to section 1119e-5 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1111f. Use of funds

Funds provided to eligible recipients pursuant to this subpart may be used for—

(1) tuition or part or all of the costs of attendance (as determined under section 1087ll of this title) for participants in programs assisted under this subpart;

(2) the release time of such participants;

(3) instructional and supportive services for such participants in such programs; and

(4) stipends for child care to such participants whose academic coursework takes place outside the normal workday.

(Pub. L. 89-329, title V, §576A, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 707.)

#### PRIOR PROVISIONS

A prior section 1111f, Pub. L. 89-329, title V, §557, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1509; amended Pub. L. 100-50, §17(c), June 3, 1987, 101 Stat. 359, related to Congressional teacher scholarship repayment provisions, prior to the general revision of this subchapter by Pub. L. 102-325.

### § 1111g. Definitions

For the purpose of this subpart—

(1) the term “certified or licensed teacher” means an individual who possesses a document certifying that the individual has met the requirements of a State for employment as a teacher in the public schools of that State (including individuals who have been certified as specialists in preschool and early childhood education);

(2) the term “eligible recipient” means a consortium of—

(A) an institution of higher education, and

(B) one or more local educational agencies.

(3) the term “paraprofessional” means an individual with at least a high school diploma or recognized equivalent who is employed in a preschool or elementary or secondary school under the supervision of a certified or licensed teacher, including individuals employed in bilingual education, special education, and migrant education;

(4) the term “school support” means an individual who is employed by a local educational agency; and

(5) the term “shortage area” means (A) an area the Secretary has designated as an area with a shortage of elementary and secondary school teachers, or (B) a shortage in a designated subject area as described in section 1104j of this title.

(Pub. L. 89-329, title V, §576B, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 707.)

#### PRIOR PROVISIONS

A prior section 1111g, Pub. L. 89-329, title V, §558, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1509; amended Pub. L. 100-50, §17(d), June 3, 1987, 101 Stat. 359, related to exceptions to Congressional teacher scholarship repayment provisions, prior to the general revision of this subchapter by Pub. L. 102-325.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1111e of this title.

### § 1111h. Authorization of appropriations

There are authorized to be appropriated \$30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this subpart.

(Pub. L. 89-329, title V, §576C, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 708.)

#### PRIOR PROVISIONS

A prior section 1111h, Pub. L. 89-329, title V, §559, as added Pub. L. 99-498, title V, §501(a), Oct. 17, 1986, 100 Stat. 1510, related to Federal administration of State programs and judicial review of Congressional teacher scholarship programs, prior to the general revision of this subchapter by Pub. L. 102-325.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1111a of this title.

#### SUBPART 2—PROGRAMS TO ENCOURAGE MINORITY STUDENTS TO BECOME TEACHERS

### § 1112. Statement of purpose

It is the purpose of the program conducted pursuant to section 1112a of this title to carry out activities designed to—

(1) improve recruitment and training opportunities in education for minority individuals, including language minority individuals;

(2) increase the number of minority teachers, including language minority teachers, in elementary and secondary schools; and

(3) to identify and encourage minority students in the 7th through the 12th grades to aspire to, and to prepare for, careers in elementary and secondary school teaching.

(Pub. L. 89-329, title V, §577, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 708.)

#### PRIOR PROVISIONS

A prior section 1112, Pub. L. 89-329, title V, §522, Nov. 8, 1965, 79 Stat. 1258; Pub. L. 90-35, §5(c), June 29, 1967, 81 Stat. 91; Pub. L. 90-247, title VII, §704(b), Jan. 2, 1968, 81 Stat. 820, authorized Commissioner to award fellowships for graduate study by teaching personnel, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1112b of this title.

### § 1112a. Partnership grants authorized

#### (a) Authority

The Secretary is authorized to make grants to pay the Federal share of carrying out the purposes of this subpart to a partnership between—

(1) one or more institutions of higher education which have a demonstrated record and special expertise in carrying out the purposes of this subpart; and

(2)(A) one or more local educational agencies;

(B) a State educational agency or a State higher education agency; or

(C) community-based organizations.

#### (b) Federal share

The Federal share of each grant awarded under this section shall be 50 percent.

#### (c) Non-Federal share

The non-Federal share of each grant awarded under this section may be in cash or kind fairly evaluated, including planned equipment or services.

#### (d) Administrative costs

Not more than 5 percent of any grant awarded under this section may be used for administrative expenses.

(Pub. L. 89-329, title V, §578, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 708.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1112, 1112b, 1112c, 1112e of this title.

### § 1112b. Partnership agreement

#### (a) In general

In order to be eligible for a grant under section 1112a of this title, a partnership shall enter into a written partnership agreement. All partners shall sign the agreement.

#### (b) Contents of agreement

The agreement shall include—

(1) a listing of all participants in the partnership;

(2) a description of the responsibilities of each participant in the partnership; and

(3) a listing of the resources, if any, to be contributed to the partnership.

#### (c) Selection criteria

In making grants under section 1112a of this title, the Secretary shall approve applications

which contain provision for projects designed to carry out the purposes described in section 1112 of this title and which—

(1) identify students who indicate an interest in entering the teaching profession, and provide such individuals with support programs such as—

- (A) scholarship funds to meet expenses;
- (B) remedial and tutoring programs;
- (C) counseling and support services;
- (D) academic advice and guidance in course selection to prepare for teacher certification;
- (E) information and advice regarding eligibility for membership in the Teacher Corps established under subpart 3 of part C of this subchapter, and other financial assistance programs;
- (F) teaching mentors;
- (G) motivational activities;
- (H) teaching skill development;
- (I) future teacher clubs; and
- (J) instruction in test-taking skills.

(2) establish or strengthen teacher training programs;

(3) establish or enhance early identification/articulation partnership programs with secondary schools and community colleges;

(4) establish partnerships with graduate schools of education to foster and facilitate the movement of minority students into post-graduate studies;

(5) establish programs and activities which foster and facilitate the movement of students interested in pursuing teaching careers from 2-year institutions to 4-year institutions, focusing particular attention on facilitating the transfer of academic credit; and

(6) improve existing assessment practices that determine an individual's qualifications to become a teacher.

(Pub. L. 89-329, title V, § 579, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 708.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1112c of this title.

### § 1112c. Application for teacher partnerships program

#### (a) Application required

A partnership desiring to receive a grant under section 1112a of this title shall submit an application to the Secretary.

#### (b) Contents of application

The application shall include—

- (1) the written and signed partnership agreement required by section 1112b of this title;
- (2) set forth the individuals to be served;
- (3) a listing of the elementary, if applicable, and secondary schools of the local educational agency to be involved in the program assisted under this subpart;
- (4) a description of the services and activities to be offered under the program assisted under this subpart; and
- (5) such additional information and assurances as the Secretary may reasonably require.

#### (c) State educational agency review

Each application from a partnership for a grant under section 1112a of this title shall be forwarded to the appropriate State educational agency (unless the State educational agency is a member of the partnership) for review and comment if the State educational agency requests the opportunity for such a review. The State educational agency must complete a review of such application and comment to the Secretary within 30 calendar days of receipt. Failure of the State educational agency to submit comments to the Secretary shall not prejudice such application.

(Pub. L. 89-329, title V, § 580, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 709.)

### § 1112d. Teacher placement program

#### (a) Grants authorized

##### (1) In general

The Secretary is authorized to make grants to institutions of higher education that have schools or departments of education to pay the Federal share of developing and carrying out programs and activities designed to—

(A) prepare and train students to become elementary and secondary school teachers; and

(B) to the extent practicable, place the students as teachers in urban and rural public or private nonprofit elementary or secondary schools where at least 50 percent of students enrolled are from minority groups.

##### (2) Federal share

The Federal share of each grant awarded under this section shall be 50 percent.

##### (3) Non-Federal share

The non-Federal share of each grant awarded under this section may be in cash or in kind fairly evaluated, including planned equipment or services.

#### (b) Use of funds

Grants under this section may be used for the costs of developing and carrying out the program of teacher preparation, training, and placement described in subsection (a) of this section.

#### (c) Applications

No grant may be made under this section unless an application to the Secretary is made by the institution of higher education at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

#### (d) Special consideration

The Secretary is authorized, in making grants under this section, to give special consideration to historically Black colleges and universities and to institutions which—

- (1) are eligible to receive funds under part C of subchapter X of this chapter; and
- (2) have enrollments of at least 50 percent minority students in their teacher education programs.

#### (e) Performance incentive

In any fiscal year beginning after September 30, 1993, the Secretary may, based upon evalua-

tion and monitoring of programs assisted under this section, increase the Federal share for a recipient of funds under this section for the succeeding fiscal year to 75 percent, if the Secretary determines that there is demonstrated success in the operation of the program assisted by such recipient.

**(f) Administrative costs**

Not more than 5 percent of any grant awarded under this section may be used for administrative expenses.

(Pub. L. 89-329, title V, §580A, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 710.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1112e of this title.

**§ 1112e. Authorization of appropriations**

There are authorized to be appropriated \$15,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years, of which not more than 2/3 shall be available to carry out programs under section 1112a of this title and not less than 1/3 shall be available to carry out programs under section 1112d of this title.

(Pub. L. 89-329, title V, §580B, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 710; amended Pub. L. 103-208, §2(j)(7), Dec. 20, 1993, 107 Stat. 2481.)

AMENDMENTS

1993—Pub. L. 103-208 struck out subsec. (a) designation and heading.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

PART F—PROGRAMS FOR SPECIAL POPULATIONS

SUBPART 1—NATIONAL MINI CORPS PROGRAM

SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in section 7474 of this title.

**§ 1113. National Mini Corps**

**(a) Program authorized**

The Secretary is authorized to make grants to institutions of higher education to enable such institutions to establish partnerships with local educational agencies to carry out the purposes of the National Mini Corps Program.

**(b) Definitions**

As used in this subpart—

(1) the term “children” means children who are eligible to receive services under part A or C of title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6311 et seq.; 20 U.S.C. 6391 et seq.]; and

(2) the term “individual” (A) has the same meaning as the terms “first generation college student” and “low income individual” as defined under section 1070a-11(g) of this title, or

(B) means a student enrolled in an institution of higher education who is the child of current or former migratory workers (including migratory agricultural dairy workers) or of migratory fishermen.

**(c) Purpose of program**

It is the purpose of the National Mini Corps Program to—

(1) provide individuals who are enrolled or plan to enroll in an institution of higher education with advisement, training, and instructional services, and to encourage individuals to be role models for children;

(2) provide outreach and recruitment services to encourage individuals to enroll in teacher education programs;

(3) provide support and instructional services to individuals who are enrolled in an institution of higher education to enable such individuals to provide direct instructional services, which are coordinated with the overall educational goals of the State or local educational agency, to children eligible to receive services under title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6301 et seq.] during the regular school year or summer term. Such support and services may include—

(A) lessons and provision of materials that meet the academic needs of children in the classroom;

(B) supplemental instruction to reinforce the basic skills and concepts provided through instruction by the teacher;

(C) instruction in other subject areas;

(D) academic assistance, home visits, parental involvement, parent-student advisement services, and family advocacy; and

(E) stipends for individuals who participate in the program assisted under this subpart for at least 10 but not more than 15 hours per week;

(4) designate college coordinators at participating institutions of higher education to train, supervise, and assign individuals to carry out the activities of this subpart in cooperation with State and local educational agencies in which children with special needs have been identified; and

(5) support other appropriate activities related to encouraging individuals to enter the teaching profession and to provide a link to the community.

**(d) Application required**

Institutions of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary which shall include—

(1) a written partnership agreement with the State and local educational agency in which the children have been identified for participation in the activities under this subpart;

(2) a description of the strategies that will be employed to engage the community generally in the activities and programs supported by the programs under this subpart;

(3) a description of the process by which individuals will be recruited and selected to participate in the programs assisted under this subpart;

(4) a description of the programs and activities which will be supported by the programs under this subpart; and

(5) such other information as the Secretary considers necessary to determine the nature of the local needs, the quality of the proposed Mini Corps Program, and the capability of the applicant to implement the proposed Mini Corps Program.

#### (e) Awarding of grants

In awarding grants under this subpart, the Secretary shall ensure, to the extent practicable, that—

(1) grants are equitably distributed on a geographic basis throughout the Nation and among a variety of communities;

(2) the amount of the grant awarded is proportionate to the number of individuals and children who, on the basis of the grant application, are expected to be involved in the programs and activities supported by the National Mini Corps; and

(3) not less than 30 percent of the grants awarded under this subpart are awarded for programs serving migrant students and children.

#### (f) Uses of funds

Funds provided under this part may be used for planning, implementing and operating a National Mini Corps Program, except that not more than 5 percent of any grant received under this subpart may be used for administrative costs.

#### (g) Evaluation

The Secretary shall, by January 1, 1996, evaluate the demonstration program assisted under this part and report the results of such evaluation to the appropriate committees of the Congress.

#### (h) Authorization of appropriations

There are authorized to be appropriated to carry out this subpart \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title V, § 581, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 711; amended Pub. L. 103-208, § 2(j)(8), Dec. 20, 1993, 107 Stat. 2481; Pub. L. 103-382, title III, § 391(e)(6), (7), Oct. 20, 1994, 108 Stat. 4022, 4023.)

#### REFERENCES IN TEXT

The Elementary and Secondary Education Act of 1965, referred to in subsecs. (b)(1) and (c)(3), is Pub. L. 89-10, Apr. 11, 1965, 79 Stat. 27, as amended generally by Pub. L. 103-382, title I, § 101, Oct. 20, 1994, 108 Stat. 3519. Parts A and C of title I of the Act are classified generally to parts A (§ 6311 et seq.) and C (§ 6391 et seq.), respectively, of subchapter I of chapter 70 of this title. Title I of the Act is classified generally to subchapter I (§ 6301 et seq.) of chapter 70 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6301 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1113, Pub. L. 89-329, title V, § 561, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1510, related to purpose of Christa McAuliffe fellowship program and to designation of fellowships under such program, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1113, Pub. L. 89-329, title V, § 523, Nov. 8, 1965, 79 Stat. 1259; Pub. L. 90-35, § 5(d), June 29, 1967, 81 Stat. 91; Pub. L. 90-575, title II, § 236, Oct. 16, 1968, 82 Stat. 1040, required allocation of fellowships to institutions with approved programs and set forth criteria for approval of programs, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

Sections 1113a to 1113e were omitted in the general revision of this subchapter by Pub. L. 102-325. See section 1105 et seq. of this title.

Section 1113a, Pub. L. 89-329, title V, § 562, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1511, related to use of funds for Christa McAuliffe fellowship program.

Section 1113b, Pub. L. 89-329, title V, § 563, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1511, related to award, distribution, and use of Christa McAuliffe fellowships.

Section 1113c, Pub. L. 89-329, title V, § 564, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1511, related to selection of Christa McAuliffe teacher fellowships.

Section 1113d, Pub. L. 89-329, title V, § 565, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1511, related to evaluation of applications for Christa McAuliffe fellowships.

Section 1113e, Pub. L. 89-329, title V, § 566, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1512, related to repayment of Christa McAuliffe fellowships.

#### AMENDMENTS

1994—Subsec. (b)(1). Pub. L. 103-382, § 391(e)(6), substituted “part A or C” for “part A or subpart 1 of part D of chapter 1”.

Subsec. (c)(3). Pub. L. 103-382, § 391(e)(7), substituted “under title I” for “under chapter 1 of title I”.

1993—Subsec. (b)(2). Pub. L. 103-208 substituted “section 1070a-11(g)” for “section 1070a-11(g)(2)”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SUBPART 2—FOREIGN LANGUAGE INSTRUCTION

### § 1114. Demonstration grants for critical language and area studies

#### (a) Program authority

The Secretary is authorized to make demonstration grants to eligible consortia to enable such eligible consortia to—

(1) operate critical language and area studies programs;

(2) develop and acquire educational equipment and materials; and

(3) develop teacher training programs, texts, curriculum, and other activities designed to improve and expand the instruction of foreign languages at elementary and secondary schools across the Nation.

#### (b) Grant limitation

The Secretary shall not award a grant which exceeds \$2,000,000 to an eligible consortium under this section in any fiscal year, but shall award grants of sufficient size, scope and quality for a program of comprehensive instruction of foreign languages.

#### (c) Special rules

##### (1) Priority

In awarding grants under this section, the Secretary shall give priority to eligible con-

sortia with demonstrated, proven effectiveness in the field of critical language and area studies and which have been in existence for at least 1 year prior to applying for a grant under this section.

**(2) Equitable distribution**

In awarding grants under this section, the Secretary shall take into consideration providing an equitable geographic distribution of such grants among the regions of the United States.

**(3) Program requirement**

Each eligible consortium receiving a grant under this section shall include in the activities assisted pursuant to such grant, a study abroad or cultural exchange program.

**(d) Eligible consortium**

**(1) In general**

For the purposes of this section, the term “eligible consortium” means a cooperative effort between entities in one or more States that must include at least 4 schools, of which—

(A) one shall be an institution of higher education;

(B) one shall be a secondary school with experience in teaching critical languages;

(C) one shall be a secondary school with experience in teaching critical languages and in which at least 25 percent of the students are eligible to be counted under title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6301 et seq.]; and

(D) one shall be a secondary school in which at least 25 percent of the students are eligible to be counted under title I of the Elementary and Secondary Education Act of 1965.

**(2) Nonprofit organizations**

Each eligible consortium described in paragraph (1) may include a nonprofit organization to provide services not otherwise available from the entities described in paragraph (1).

**(e) Administration**

Each eligible consortium receiving a grant under this section may use not more than 10 percent of such grant for administrative expenses.

**(f) Application**

**(1) In general**

Except as provided in paragraph (2), each eligible consortium desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

**(2) Special rule**

The State educational agency or State higher education agency responsible for the supervision of any one school participating in an eligible consortium may submit the application described in paragraph (1) on behalf of such eligible consortium.

**(g) “Critical language” defined**

For purposes of this section, the term “critical language” means each of the languages con-

tained in the list of critical foreign languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Fed. Reg. 149, 31413).

**(h) Authorization of appropriations**

There are authorized to be appropriated \$15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

(Pub. L. 89-329, title V, § 586, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 712; amended Pub. L. 103-382, title III, § 391(e)(8), (9), Oct. 20, 1994, 108 Stat. 4023.)

REFERENCES IN TEXT

The Elementary and Secondary Education Act of 1965, referred to in subsec. (d)(1)(C), (D), is Pub. L. 89-10, Apr. 11, 1965, 79 Stat. 27, as amended generally by Pub. L. 103-382, title I, § 101, Oct. 20, 1994, 108 Stat. 3519. Title I of the Act is classified generally to subchapter I (§ 6301 et seq.) of chapter 70 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6301 of this title and Tables.

Section 212(d) of the Education for Economic Security Act, referred to in subsec. (g), is section 212(d) of Pub. L. 98-377, title II, Aug. 11, 1984, 98 Stat. 1281, as amended, which was classified to section 3972(d) of this title and was repealed by Pub. L. 100-297, title II, § 2303, Apr. 28, 1988, 102 Stat. 324.

PRIOR PROVISIONS

A prior section 1114, Pub. L. 89-329, title V, § 524, Nov. 8, 1965, 79 Stat. 1259; Pub. L. 90-35, § 5(e), June 29, 1967, 81 Stat. 91; Pub. L. 90-575, title II, § 237, Oct. 16, 1968, 82 Stat. 1040, set forth prerequisites for approval of graduate programs to develop and strengthen training of educational personnel, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

AMENDMENTS

1994—Subsec. (d)(1)(C), (D). Pub. L. 103-382 substituted “title I of” for “chapter I of title I of”.

**§ 1114a. Development of foreign language and culture instructional materials**

**(a) Grants authorized**

The Secretary is authorized to provide one or more grants on a competitive basis to a State or local educational agency, an institution of higher education, a private nonprofit foreign language organization, a nonprofit education association, or a consortium thereof, to enable such entity to act as a resource center for—

(1) coordinating the development of and disseminating foreign language and culture instructional material, including children's literature in foreign languages, videotapes and computer software, and teacher's instructional kits relating to international study; and

(2) encouraging the expanded use of technology in teaching foreign languages and culture at the elementary school level and, when the needs of elementary schools have been met, at the secondary school level, with a particular emphasis on expanding the use of technology in teaching foreign languages and culture at elementary and secondary schools that have proportionally fewer resources available for teaching foreign languages and cultures, including schools in urban and rural areas.

**(b) Coordination**

In developing materials and technologies under this section, the Secretary shall, where appropriate, make use of materials and technologies developed under the Star Schools Program Assistance Act.

**(c) Authorization of appropriations**

There are authorized to be appropriated \$4,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this section.

(Pub. L. 89-329, title V, § 587, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 714.)

## REFERENCES IN TEXT

The Star Schools Program Assistance Act, referred to in subsec. (b), is title IX of Pub. L. 98-377, as added by Pub. L. 100-297, title II, § 2302, Apr. 28, 1988, 102 Stat. 320, which was classified generally to subchapter IX (§ 4081 et seq.) of chapter 52 of this title, prior to repeal by Pub. L. 103-382, title III, § 364, Oct. 20, 1994, 108 Stat. 3975. For complete classification of this Act to the Code, see Tables. For provisions relating to the Star Schools Program, see section 6891 et seq. of this title.

## SUBPART 3—SMALL STATE TEACHING INITIATIVE

**§ 1115. Model programs and educational excellence****(a) Purpose**

It is the purpose of this section to provide sufficient funds to small States to enable such States to develop model programs for educational excellence, teacher training and educational reform.

**(b) Program authorized****(1) Authority**

The Secretary is authorized to make grants to small States in order to enable such States to make grants to eligible institutions for the purpose of enhancing and improving the quality of teacher education, training, and recruitment in the Nation's smallest States.

**(2) Equitable distribution**

The Secretary shall award grants described in paragraph (1) in equal amounts among small States having applications approved under subsection (e) of this section.

**(c) Institutional use of funds**

Eligible institutions receiving funds under this section may use such funds for the development of innovative teaching techniques and materials, preservice and inservice training programs, renovation of training facilities and construction of model classrooms.

**(d) Definitions****(1) Small State**

For the purposes of this section the term "small State" means a State the total population of which is less than 1,108,500 as reported in the 1990 Census of Population and Housing.

**(2) Eligible institution**

For the purposes of this section, the term "eligible institution" means any institution of

higher education (as such term is defined in section 1141(a) of this title) that is located in a small State and that provides a course of study which prepares an individual to become a classroom teacher.

**(e) Application**

Any eligible institution which desires to receive a grant under this section shall submit to the State an application which—

(1) if the State educational agency is not administering the program assisted under this subpart, certifies that the State educational agency has participated in the development of the application;

(2) provides for a process of active discussion and consultation with an advisory committee convened by the State educational agency and the eligible institution; and

(3) describes how the institution will use the funding.

**(f) Authorization of appropriations**

For the purposes of this part there are authorized to be appropriated \$5,000,000 for fiscal year 1993 and such sums as may be necessary in each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title V, § 591, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 714.)

## PRIOR PROVISIONS

A prior section 1115, Pub. L. 89-329, title V, § 571, as added Pub. L. 99-498, title V, § 501(a), Oct. 17, 1986, 100 Stat. 1512, related to State task forces on teacher training, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1115, Pub. L. 89-329, title V, § 525, Nov. 8, 1965, 79 Stat. 1260; Pub. L. 90-35, § 5(f), June 29, 1967, 81 Stat. 91; Pub. L. 90-575, title II, § 238, Oct. 16, 1968, 82 Stat. 1040; Pub. L. 92-318, title I, § 141(c)(3), June 23, 1972, 86 Stat. 285, authorized Commissioner to pay stipends to individuals awarded fellowships and additional amounts to institutions of higher education for support of programs, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

## SUBPART 4—FACULTY DEVELOPMENT GRANTS

**§ 1116. Training grants****(a) Grants authorized**

The Secretary is authorized to award grants to institutions of higher education to enable such institutions to—

(1) develop model programs that provide training to secondary school faculty to prepare students with disabilities for postsecondary educational opportunities; and

(2) establish programs of faculty development for faculty who teach in an institution of higher education to prepare such faculty for the enrollment of students with disabilities at such institution.

**(b) Use of grants**

The grants described in subsection (a) of this section may be used to—

(1) provide scholarships, including stipends and allowances, to faculty described in paragraph (1) or (2) of subsection (a) of this section;

(2) develop materials and inservice programs to assist such faculty in making the curricu-



lum at an institution of higher education accessible to students with disabilities; and

(3) provide funds to support the release of such faculty from teaching assignments for the purpose of educating such faculty regarding the needs of students with disabilities.

**(c) Special rules**

The Secretary shall ensure that grants awarded under subsection (a)(1) of this section are used for programs that are in compliance with State and professionally recognized standards for the training of special education personnel.

**(d) Application**

Each institution of higher education desiring a grant under this section shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

**(e) Authorization of appropriations**

There are authorized to be appropriated to carry out this subpart \$5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title V, § 593, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 715.)

PRIOR PROVISIONS

A prior section 1116, Pub. L. 89-329, title V, § 526, Nov. 8, 1965, 79 Stat. 1260; Pub. L. 92-318, title I, § 131(d)(2)(C), June 23, 1972, 86 Stat. 260, prohibited award of fellowships for study at divinity school or department, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

SUBPART 5—EARLY CHILDHOOD EDUCATION  
TRAINING

**§ 1117. Training in early childhood education and violence counseling**

**(a) Program authorized**

The Secretary shall award grants to institutions of higher education to enable such institutions to establish innovative programs to recruit and train students for careers in—

- (1) early childhood development and care, or preschool programs; or
- (2) providing counseling to young children from birth to 6 years of age who have been affected by violence and to adults who work with such young children.

**(b) Application**

An institution of higher education desiring a grant pursuant to subsection (a) of this section shall submit an application to the Secretary at such time, in such form and containing or accompanied by such information or assurances as the Secretary may require. Each such application shall—

- (1) describe the activities and services for which assistance is sought;
- (2) contain a plan in accordance with subsection (c) of this section;
- (3) demonstrate that such institution has the capacity to implement such plan; and
- (4) provide assurances that such plan was developed in consultation with agencies and organizations that will assist the institution in carrying out such plan.

**(c) Plan**

Each application described in subsection (a) of this section shall contain a comprehensive plan for the recruitment, retention and training of students seeking careers in early childhood development or violence counseling. Such plan shall include a description of—

- (1) specific strategies for reaching students at secondary schools, community colleges, undergraduate institutions, or other agencies and institutions from which such students are to be drawn for participation in the program, including any partnerships with such institutions;
- (2) specific strategies for retaining such students in the program, such as summer sessions, internships, mentoring, and other activities;
- (3) methods that will be used to ensure that students trained pursuant to the plan will find employment in early childhood education, development and care, or violence counseling;
- (4) the goals, objectives, and timelines to be used in assessing the success of the plan and of the activities assisted under this section;
- (5) the curriculum and training leading to the degree or credential that prepares students for the careers described in the plan;
- (6) the special plans, if any, to assure that students trained pursuant to the plan will be prepared for serving in economically disadvantaged areas; and
- (7) sources of financial aid, to ensure that the training program offered pursuant to this section is available to all qualified students.

**(d) Selection and priorities**

In evaluating the applications submitted under this section, the Secretary shall prescribe criteria regarding such evaluation and shall give priority in granting funds to institutions that—

- (1) prepare students for work in economically disadvantaged areas;
- (2) plan to focus their recruitment, retention, and training efforts on disadvantaged students; and
- (3) have demonstrated effectiveness in providing the type of training for which the institution seeks assistance under this section.

**(e) Duration and amount**

**(1) Duration**

A grant under this section shall be awarded for a period of not less than 3 years nor more than 5 years.

**(2) Amount**

The total amount of the grant awarded under this section to any institution of higher education for any 1 year shall not be less than \$500,000 nor more than \$1,000,000.

(Pub. L. 89-329, title V, § 596, as added Pub. L. 102-325, title V, § 501(a), July 23, 1992, 106 Stat. 716.)

PRIOR PROVISIONS

A prior section 1117, Pub. L. 89-329, title V, § 527, Nov. 8, 1965, 79 Stat. 1260, set forth conditions imposed upon fellowship recipient, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, eff. Sept. 30, 1976.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1117c of this title.

**§ 1117a. Early childhood staff training and professional enhancement**

**(a) Program authorized**

**(1) In general**

The Secretary shall award grants, on a competitive basis, to States in accordance with the provisions of this section.

**(2) Duration**

Grants under this section shall be awarded for a period of 5 years.

**(b) Application**

A State desiring a grant pursuant to this section shall submit an application to the Secretary at such time, in such form and containing or accompanied by such information or assurances as the Secretary may require.

**(c) Lead agency**

**(1) Designation of lead agency**

The chief executive officer of a State, in consultation with the State educational agency, desiring to receive a grant shall designate an appropriate State agency to act as the lead agency to—

(A) administer funds received under this section;

(B) develop a State plan pursuant to subsection (e) of this section; and

(C) coordinate the provision of services with other appropriate Federal, State, and local programs.

**(2) Advisory committee**

The lead agency shall establish an advisory committee, described in subsection (d) of this section, to assist in developing the plan required under subsection (e) of this section.

**(d) Advisory committee**

Each advisory committee established pursuant to subsection (c)(2) of this section shall consist of a representative of the following agencies, institutions, organizations, divisions, programs or departments in the State to the extent such entities exist within such State:

(1) The lead State agency responsible for administering funds received under the Child Care and Development Block Grant Act [42 U.S.C. 9858 et seq.].

(2) Other State agencies administering or regulating childcare, early childhood development or education programs.

(3) Institutions of higher education.

(4) Organizations representing early childhood development staff and parents.

(5) A local child care resource and referral agency or an organization representing local child care resource and referral.

(6) A State Head Start association.

(7) An organization with significant experience in training in the fields of early childhood development, early care and early education.

(8) State agencies or departments administering or regulating employment, job training, and community development programs.

**(e) State plan**

**(1) In general**

Each State desiring a grant under this section shall submit, through the lead agency, a plan to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require. The Secretary shall consult with the Secretary of Health and Human Services regarding the contents of such plan.

**(2) Contents**

Each plan submitted pursuant to subsection (a) of this section shall—

(A) identify the lead agency as described in subsection (c) of this section;

(B) assess the training offerings and content of such offerings, amount of training required for an early childhood development staff license or certificate, compensation, recruitment and turnover of staff, and any coordination of training offerings and professional growth of early childhood development staff in the State;

(C) describe the goals of the activities assisted under this part; and

(D) describe how the State shall—

(i) identify and maintain a career development path, based on a progression of roles for early childhood development staff, with each role articulated with training and different levels of responsibility and suggested compensation, in such manner as will permit an individual to qualify for a more responsible role;

(ii) ensure that trainers of early childhood development staff in the State are qualified, licensed or certified in accordance with State law;

(iii) describe the ways in which the State will encourage the coordination of training programs among institutions of higher education, including, if practicable, transfer of credits among institutions;

(iv) set forth the ways in which the State will pay the costs of any assessment, credentialing, certification, licensing, training offering, training inventory, increase in staff participation in training, or other services assisted by a grant under this section;

(v) describe the ways in which the State plans to coordinate the various State and local agencies and organizations to maximize coordination of standards and requirements for certifications, licenses, and accreditations;

(vi) describe the ways in which the State will compile and disseminate information on—

(I) training offerings;

(II) requirements for admission into courses and programs;

(III) requirements for a license, certificate, credential, or degree to which such offerings may be applied;

(IV) funding sources available for such activities; and

(V) the cost of training offerings; and

(vii) describe the ways in which the State will use the funds received under

this section and any other funds available to the State to carry out the activities described in the State plan.

(Pub. L. 89-329, title V, §597, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 717; amended Pub. L. 103-208, §2(j)(9), Dec. 20, 1993, 107 Stat. 2481.)

#### REFERENCES IN TEXT

The Child Care and Development Block Grant Act, referred to in subsec. (d)(1), probably means the Child Care and Development Block Grant Act of 1990, which is subchapter C (§§658A-658R) of chapter 8 of subtitle A of title VI of Pub. L. 97-35, as added by Pub. L. 101-508, title V, §5082(2), Nov. 5, 1990, 104 Stat. 1388-236, as amended, and which is classified generally to subchapter II-B (§9858 et seq.) of chapter 105 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 9801 of Title 42 and Tables.

#### AMENDMENTS

1993—Subsec. (d)(1). Pub. L. 103-208 substituted “Child Care and Development Block Grant Act” for “Child Care Development and Block Grant Act”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### TERMINATION OF ADVISORY COMMITTEES

Advisory committees established after Jan. 5, 1973, to terminate not later than the expiration of the 2-year period beginning on the date of their establishment, unless, in the case of a committee established by the President or an officer of the Federal Government, such committee is renewed by appropriate action prior to the expiration of such 2-year period, or in the case of a committee established by Congress, its duration is otherwise provided for by law. See section 14 of Pub. L. 92-463, Oct. 6, 1972, 86 Stat. 776, set out in the Appendix to Title 5, Government Organization and Employees.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1117c of this title.

### § 1117b. Report

Each institution of higher education or State receiving a grant under this subpart shall submit to the Secretary program reports and evaluations at such times and containing such information as the Secretary may require.

(Pub. L. 89-329, title V, §598, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 719.)

### § 1117c. Authorization of appropriations

#### (a) Training in early childhood education and violence counseling

To carry out activities described in section 1117 of this title, there are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

#### (b) Early childhood staff training and professional enhancement

To carry out activities described in section 1117a of this title, there are authorized to be ap-

propriated \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title V, §599, as added Pub. L. 102-325, title V, §501(a), July 23, 1992, 106 Stat. 719.)

#### PRIOR PROVISIONS

A prior section 1118, Pub. L. 89-329, title V, §528, Nov. 8, 1965, 79 Stat. 1260; Pub. L. 90-35, §5(g), June 29, 1967, 81 Stat. 91; Pub. L. 90-247, title VII, §704(c)(1), Jan. 2, 1968, 81 Stat. 820; Pub. L. 90-575, title II, §231(a), (b)(2), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, §141(a)(1)(B), June 23, 1972, 86 Stat. 284, authorized appropriations for fiscal years 1966 to 1974 to enable persons who were awarded fellowships prior to July 1, 1972, to complete their study under fellowships, prior to repeal by Pub. L. 92-318, title I, §141(c)(1)(E), June 23, 1972, 86 Stat. 285, eff. on and after July 1, 1972.

Prior sections 1119 to 1119e-5 provided for teacher training programs, training for elementary and secondary school teachers to teach handicapped children in areas with a shortage, coordination of education professional development, Carl D. Perkins Scholarship program, and National Talented Teacher Fellowship program, prior to the general amendment and revision of this subchapter by Pub. L. 99-498.

Section 1119 Pub. L. 89-329, title V, §531, as added Pub. L. 94-482, title I, §153, formerly §153(a), Oct. 12, 1976, 90 Stat. 2154, renumbered Pub. L. 95-43, §1(b)(5), June 15, 1977, 91 Stat. 218; amended Pub. L. 95-561, title XIII, §1321(a), Nov. 1, 1978, 92 Stat. 2362; Pub. L. 96-49, §6(b), Aug. 13, 1979, 93 Stat. 353; Pub. L. 96-374, title V, §501(b), 503(a), Oct. 3, 1980, 94 Stat. 1459, authorized appropriations for fiscal years 1981 to 1985 to carry out teacher training programs.

Another prior section 1119, Pub. L. 89-329, title V, §531, as added Pub. L. 90-35, §6, June 29, 1967, 81 Stat. 91; amended Pub. L. 90-247, title VII, §704(d), Jan. 2, 1968, 81 Stat. 820; Pub. L. 92-318, title I, §§147(a), 148(a), June 23, 1972, 86 Stat. 287, authorized training and retraining programs for education personnel other than higher education personnel, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, effective Sept. 30, 1976.

Section 1119a, Pub. L. 89-329, title V, §532, as added Pub. L. 94-482, title I, §153, formerly §153(a), Oct. 12, 1976, 90 Stat. 2154, renumbered Pub. L. 95-43, §1(b)(5), June 15, 1977, 91 Stat. 218; amended Pub. L. 95-561, title XIII, §1321(b), Nov. 1, 1978, 92 Stat. 2363; Pub. L. 96-374, title V, §503(b), (c), title XIII, §1391(a)(1), (2), Oct. 3, 1980, 94 Stat. 1459, 1460, 1503, related to grants, functions, etc., of teacher centers, prior to repeal by Pub. L. 97-35, title V, §587(a)(2), Aug. 13, 1981, 95 Stat. 480, eff. Oct. 1, 1982.

Another prior section 1119a, Pub. L. 89-329, title V, §532, as added Pub. L. 92-318, title IV, §451(b), June 23, 1972, 86 Stat. 344, authorized teachers for Indian children as part of the training and retraining program, prior to repeal by Pub. L. 94-482, title I, §151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, effective Sept. 30, 1976.

Another prior section 1119a, Pub. L. 89-329, title V, §532, as added Pub. L. 90-35, §6, June 29, 1967, 81 Stat. 92; amended Pub. L. 90-575, title II, §231(a), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, §141(a)(1)(B), June 23, 1972, 86 Stat. 284, authorized appropriations for fiscal years 1969 to 1972, prior to repeal by section 141(c)(1)(F) of Pub. L. 92-318, effective on and after July 1, 1972.

Section 1119a-1, Pub. L. 89-329, title V, §533, as added Pub. L. 94-482, title I, §153, Oct. 12, 1976, 90 Stat. 2155; amended Pub. L. 95-43, §1(a)(42), (b)(5), June 15, 1977, 91 Stat. 217, 218; Pub. L. 96-374, title V, §504, Oct. 3, 1980, 94 Stat. 1460; Pub. L. 97-300, title I, §183, Oct. 13, 1982, 96 Stat. 1357, related to grants for training higher education personnel.

Another prior section 1119a-1, Pub. L. 89-329, title V, §533, as added Pub. L. 90-575, title II, §239, Oct. 16, 1968, 82 Stat. 1040, required an equitable distribution with re-

spect to geography for training programs, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152, effective Sept. 30, 1976.

Section 1119b, Pub. L. 89-329, title V, § 541, as added Pub. L. 96-374, title V, § 505(a), Oct. 3, 1980, 94 Stat. 1461, authorized grants to State educational agencies to train teachers for handicapped children.

Another prior section 1119b, Pub. L. 89-329, title V, § 541, as added Pub. L. 90-35, § 6, June 29, 1967, 81 Stat. 93, authorized grants or contracts with institutions of higher education for training programs and projects for higher education personnel, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152.

Section 1119b-1, Pub. L. 89-329, title V, § 542, as added Pub. L. 96-374, title V, § 505(a), Oct. 3, 1980, 94 Stat. 1462, related to applications for grants for training teachers for handicapped children.

Another prior section 1119b-1, Pub. L. 89-329, title V, § 542, as added Pub. L. 90-35, § 6, June 29, 1967, 81 Stat. 93, authorized the payment of stipends to persons participating in authorized training programs, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(A), Oct. 12, 1976, 90 Stat. 2152.

Section 1119b-2, Pub. L. 89-329, title V, § 543, as added Pub. L. 96-374, title V, § 505(a), Oct. 3, 1980, 94 Stat. 1462, provided for stipends and allowances for participants in program of training teachers for handicapped children.

Another prior section 1119b-2, Pub. L. 89-329, title V, § 543, as added Pub. L. 90-35, § 6, June 29, 1967, 81 Stat. 93; amended Pub. L. 90-575, title II, § 231(a), Oct. 16, 1968, 82 Stat. 1039; Pub. L. 92-318, title I, § 141(a)(1)(B), June 23, 1972, 86 Stat. 284, authorized appropriations for fiscal years 1969 to 1972, prior to repeal by Pub. L. 92-318, title I, § 141(c)(1)(G), June 23, 1972, 86 Stat. 285.

Section 1119b-3, Pub. L. 89-329, title V, § 544, as added Pub. L. 96-374, title V, § 505(a), Oct. 3, 1980, 94 Stat. 1463, set out conditions for maintaining fellowships in training teachers for handicapped children.

Section 1119b-4, Pub. L. 89-329, title V, § 545, as added Pub. L. 96-374, title V, § 505(a), Oct. 3, 1980, 94 Stat. 1463, defined "special education".

Section 1119b-5, Pub. L. 89-329, title V, § 546, as added Pub. L. 96-374, title V, § 505(a), Oct. 3, 1980, 94 Stat. 1463, authorized appropriations for fiscal years 1981 to 1985 to carry out grant program for training teachers for handicapped children.

Section 1119c, Pub. L. 89-329, title V, § 551, as added Pub. L. 96-374, title V, § 506, Oct. 3, 1980, 94 Stat. 1463, stated Congressional findings concerning Federal programs to train education professionals.

Another prior section 1119c, Pub. L. 89-329, title V, § 551, as added Pub. L. 90-576, title II, § 201, Oct. 16, 1968, 82 Stat. 1091, set forth Congressional declaration of purpose, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(C), title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

Section 1119c-1, Pub. L. 89-329, title V, § 552, as added Pub. L. 96-374, title V, § 506, Oct. 3, 1980, 94 Stat. 1464, stated Congressional declaration of policy concerning Federal programs to support education professional development.

Another prior section 1119c-1, Pub. L. 89-329, title V, § 552, as added Pub. L. 90-576, title II, § 201, Oct. 16, 1968, 82 Stat. 1092, related to leadership development awards, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(C), title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

Section 1119c-2, Pub. L. 89-329, title V, § 553, as added Pub. L. 96-374, title V, § 506, Oct. 3, 1980, 94 Stat. 1464; amended Pub. L. 99-386, title I, § 103(b), Aug. 22, 1986, 100 Stat. 821, established Office of Education Professional Development.

Another prior section 1119c-2, Pub. L. 89-329, title V, § 553, as added Pub. L. 90-576, title II, § 201, Oct. 16, 1968, 82 Stat. 1093, related to exchange programs, institutes, and in-service education for vocational education teachers, supervisors, coordinators, and administrators, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(C), title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

Section 1119c-3, Pub. L. 89-329, title V, § 554, as added Pub. L. 90-576, title II, § 201, Oct. 16, 1968, 82 Stat. 1094,

related to familiarizing teachers with new curricular methods, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(C), title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

Section 1119c-4, Pub. L. 89-329, title V, § 555, as added Pub. L. 94-482, title I, § 151(a)(4)(B), Oct. 12, 1976, 90 Stat. 2152, authorized appropriation for the fiscal years ending prior to Oct. 1, 1977, prior to repeal by Pub. L. 94-482, title I, § 151(a)(4)(C), title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2152, 2215.

An identical section 555 of Pub. L. 89-329 was added by Pub. L. 94-482, title II, § 201(q), Oct. 12, 1976, 90 Stat. 2169, and repealed by Pub. L. 94-482, title II, § 204(c)(1), Oct. 12, 1976, 90 Stat. 2215.

Another prior section 1119c-4, Pub. L. 89-329, title V, § 555, as added by Pub. L. 90-576, title II, § 201, Oct. 16, 1968, 82 Stat. 1094; amended by Pub. L. 91-230, title VII, § 708, Apr. 13, 1970, 84 Stat. 189, authorized appropriations for fiscal years 1969 to 1972, prior to repeal by Pub. L. 92-318, title I, § 141(c)(1)(H), June 23, 1972, 86 Stat. 285.

Section 1119d, Pub. L. 89-329, title V, § 561, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2894, stated purpose and authorized appropriations for Carl D. Perkins Scholarship program.

Section 1119d-1, Pub. L. 89-329, title V, § 562, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2894, provided for allocation among States of funds appropriated for Carl D. Perkins Scholarship program.

Section 1119d-2, Pub. L. 89-329, title V, § 563, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2894, provided for form, content, and processing of applications for grants to States under Carl D. Perkins Scholarship program.

Section 1119d-3, Pub. L. 89-329, title V, § 564, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2896, related to amount and duration of Carl D. Perkins Scholarships and the relationship of Scholarships to other forms of assistance.

Section 1119d-4, Pub. L. 89-329, title V, § 565, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2896, provided for selection of Carl D. Perkins Scholars.

Section 1119d-5, Pub. L. 89-329, title V, § 566, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2897, provided conditions for continued receipt of Carl D. Perkins Scholarship assistance.

Section 1119d-6, Pub. L. 89-329, title V, § 567, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2897, provided for repayment of Carl D. Perkins Scholarship assistance in case of noncompliance with program agreement.

Section 1119d-7, Pub. L. 89-329, title V, § 568, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2897, provided exceptions to repayment requirements.

Section 1119d-8, Pub. L. 89-329, title V, § 569, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2898, related to Federal administration of State programs to make available Carl D. Perkins Scholarships and judicial review thereof.

Section 1119e, Pub. L. 89-329, title V, § 571, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2898, stated purpose of establishing national fellowship program for outstanding teachers.

Section 1119e-1, Pub. L. 89-329, title V, § 572, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2898, authorized appropriations for fiscal years 1986 to 1989 for fellowships to outstanding teachers.

Section 1119e-2, Pub. L. 89-329, title V, § 573, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2899, provided for program of talented teacher fellowships.

Section 1119e-3, Pub. L. 89-329, title V, § 574, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2899, provided for selection of recipients of talented teacher fellowships.

Section 1119e-4, Pub. L. 89-329, title V, § 575, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2899, provided for submission and evaluation of applications for talented teacher fellowship assistance.

Section 1119e-5, Pub. L. 89-329, title V, § 576, as added Pub. L. 98-558, title VII, § 701, Oct. 30, 1984, 98 Stat. 2900,

provided for repayment of awards to Federal Government in case of fraud or gross noncompliance.

## SUBCHAPTER VI—INTERNATIONAL EDUCATION PROGRAMS

### CODIFICATION

Title VI of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L. 89-329, title VI, Nov. 8, 1965, 79 Stat. 1261; amended Pub. L. 89-752, Nov. 3, 1966, 80 Stat. 1240; Pub. L. 90-575, Oct. 16, 1968, 82 Stat. 1014; Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-180, Nov. 15, 1977, 91 Stat. 1372; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351. Such title is shown herein, however, as having been added by Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1464, without reference to such intervening amendments because of the extensive revision of the title's provisions by Pub. L. 96-374.

## PART A—INTERNATIONAL AND FOREIGN LANGUAGE STUDIES

### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in title 40 App. section 214.

## § 1121. Findings and purposes

### (a) Findings

The Congress finds that—

(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

(3) present and future generations of Americans must be afforded the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge.

### (b) Purposes

It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language acquisition and fluency, to develop a pool of international experts to meet national needs, and to coordinate the programs of the Federal Government in the areas of foreign language, area and other international studies, including professional international affairs education, and research.

(Pub. L. 89-329, title VI, § 601, as added Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1464; amended Pub. L. 99-498, title VI, § 601, Oct. 17, 1986, 100 Stat. 1514; Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 720.)

### PRIOR PROVISIONS

A prior section 1121, Pub. L. 89-329, title VI, § 601, Nov. 8, 1965, 79 Stat. 1261; Pub. L. 89-752, § 3(b), Nov. 3, 1966, 80 Stat. 1241; Pub. L. 90-575, title II, §§ 241, 242(a), Oct. 16, 1968, 82 Stat. 1041; Pub. L. 92-318, title I, § 151(a), June 23, 1972, 86 Stat. 288; Pub. L. 94-482, title I, § 156, Oct. 12, 1976, 90 Stat. 2155; Pub. L. 96-49, § 7, Aug. 13, 1979, 93 Stat. 353, set out the Congressional statement of purpose and the authorization of appropriations for the program of equipment grants to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 96-374.

### AMENDMENTS

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows:

“(a) The Congress finds that—

“(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas:

“(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

“(3) present and future generations of Americans must be afforded the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge.

“(b) It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language acquisition and fluency, and to coordinate the programs of the Federal Government in the areas of foreign language and international studies and research.”

1986—Pub. L. 99-498 amended section generally. Prior to amendment, section read as follows:

“(a) The Congress finds that—

“(1) knowledge of other countries is important in promoting mutual understanding and cooperation between nations;

“(2) strong American educational resources are a necessary base for strengthening our relations with other countries;

“(3) present and future generations of Americans should be given the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge pertaining to other countries, peoples, and cultures; and

“(4) the economy of the United States and the long range security of the Nation are dependent upon acquiring such knowledge.

“(b) It is the purpose of this part to assist in the development of resources and trained personnel for international study, international research, and foreign language study and to coordinate programs of the Federal Government in the areas of international study and research and foreign language study.”

### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### EFFECTIVE DATE

Subchapter effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

### NATIONAL ENDOWMENT FOR INTERNATIONAL STUDIES

Section 1302 of title XIII of Pub. L. 99-498, as amended by Pub. L. 100-50, § 23(2), June 3, 1987, 101 Stat. 362, required Secretary of Education, in consultation with Director of United States Information Agency, Director of the Agency for International Development, Secretary of State, and Secretary of Defense, to conduct a study on establishment of a National Endowment for International Studies, such study to develop a program, a funding plan, and priorities for such an Endowment, with the Secretary to prepare and submit to Congress, not later than one year after Oct. 17, 1986, a report on the study, together with such recommendations, including recommendations for legislation, as the Secretary deemed appropriate.

## § 1122. Graduate and undergraduate language and area centers

### (a) National language and area centers authorized

#### (1) General authority

The Secretary is authorized—

(A) to make grants to institutions of higher education, or combinations thereof, for the purpose of establishing, strengthening, and operating comprehensive language and area centers and programs; and

(B) to make grants to such institutions or combinations for the purpose of establishing, strengthening, and operating a diverse network of undergraduate language and area centers and programs,

which will be national resources for teaching of any modern foreign language, for instruction in fields needed to provide full understanding of areas, regions, or countries in which such language is commonly used, for research and training in international studies, and the international and foreign language aspects of professional and other fields of study, and for instruction and research on issues in world affairs which concern one or more countries.

#### **(2) Authorized activities**

Any such grant may be used to pay all or part of the cost of establishing or operating a center or program, including the cost of—

(A) faculty, staff, and student travel in foreign areas, regions, or countries;

(B) teaching and research materials;

(C) curriculum planning and development;

(D) bringing visiting scholars and faculty to the center to teach or to conduct research;

(E) establishing and maintaining linkages with overseas institutions of higher education and other organizations that may contribute to the educational objectives of this section for the purpose of contributing to the teaching and research of the center or program; and

(F) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary, for carrying out the objectives of this section.

#### **(3) Grants to maintain library collections**

The Secretary may make grants to centers described in paragraph (1) having important library collections for the maintenance of such collections.

#### **(4) Outreach grants and summer institutes**

The Secretary may make additional grants to centers described in paragraph (1) for any one or combination of the following purposes:

(A) Programs of linkage or outreach between foreign language, area studies, and other international fields and professional schools and colleges.

(B) Programs of linkage or outreach with 2 and 4-year colleges and universities.

(C) Programs of linkage or outreach with departments or agencies of Federal and State Governments.

(D) Programs of linkage or outreach with the news media, business, professional, or trade associations.

(E) Summer institutes in foreign area and other international fields designed to carry out the programs of linkage and outreach in subparagraphs (A), (B), (C), and (D) of this paragraph.

### **(b) Stipends for foreign language and area studies**

#### **(1) Graduate stipends**

(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary under this part.

(B) Students receiving stipends described in subparagraph (A) shall be individuals who are engaged in an instructional program with stated performance goals for functional foreign language use or in a program developing such performance goals, in combination with area studies, international studies, or the international aspects of a professional studies program.

(C) Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

#### **(2) Doctoral stipends**

(A) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to students beginning with their third year of graduate training in any center or program approved by the Secretary under this part.

(B) Students receiving stipends described in subparagraph (A) shall be individuals engaged in completing advanced degree requirements in foreign language, foreign area studies, or other international fields.

(C) Stipends shall be for the purpose of completing degree requirements, such as the pre-dissertation level studies, preparation for dissertation research including the study of less commonly taught languages, dissertation research abroad, and dissertation writing.

(D) Students may receive stipends described in subparagraph (A) for a maximum of 4 years if such students make satisfactory progress toward completion of a degree program.

#### **(3) Funding limitations**

The Secretary is not authorized to make awards under paragraph (2) for any fiscal year unless the amount made available under paragraph (1) for such fiscal year equals or exceeds the current services equivalent of the level of funding during fiscal year 1992 under paragraph (1).

### **(c) Special rule with respect to travel**

No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.

(Pub. L. 89-329, title VI, §602, as added Pub. L. 96-374, title VI, §601(a), Oct. 3, 1980, 94 Stat. 1465; amended Pub. L. 99-498, title VI, §602, Oct. 17, 1986, 100 Stat. 1514; Pub. L. 100-50, §18, June 3, 1987, 101 Stat. 360; Pub. L. 102-325, title VI, §601, July 23, 1992, 106 Stat. 720; Pub. L. 103-208, §2(j)(10), (11), Dec. 20, 1993, 107 Stat. 2481.)

## PRIOR PROVISIONS

A prior section 1122, Pub. L. 89-329, title VI, §602, Nov. 8, 1965, 79 Stat. 1261; Pub. L. 95-180, §1(c), Nov. 15, 1977, 91 Stat. 1372, related to the allotment to States of funds under the program of equipment grants to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 96-374.

## AMENDMENTS

1993—Subsec. (a)(3), (4). Pub. L. 103-208 substituted “paragraph (1)” for “paragraph (1)(A)”.

1992—Pub. L. 102-325 amended section generally, substituting present provisions for provisions which provided for grant authority for graduate and undergraduate language and area centers in subsec. (a), stipends and allowances in subsec. (b), and travel expenses in subsec. (c).

1987—Subsec. (b)(1)(B). Pub. L. 100-50 struck out “in a program of competency-based training,” after “in a program of competency-based language training.”.

1986—Subsec. (a)(1). Pub. L. 99-498, §602(a)(1), amended par. (1) generally. Prior to amendment, par. (1) read as follows: “The Secretary is authorized to make grants to, and enter into contracts with, institutions of higher education, or combination of such institutions, for the purpose of establishing, strengthening, and operating graduate and undergraduate centers and programs which will be national resources for the teaching of any modern foreign language, for instruction in fields needed to provide a full understanding of the areas, regions, or countries in which such language is commonly used, or for research and training in international studies and the international aspects of professional and other fields of study.”

Subsec. (a)(2). Pub. L. 99-498, §602(a)(2), struck out “or contract” after “Any such grant”.

Subsec. (a)(3). Pub. L. 99-498, §602(a)(3), substituted “paragraph (1)(A)” for “paragraph (1)”.

Subsec. (b). Pub. L. 99-498, §602(b), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows: “The Secretary is also authorized to pay stipends to individuals undergoing such advanced training in any center or program approved by the Secretary under this part, including allowances for dependents and for travel for research and study in the United States and abroad.”

Subsec. (c). Pub. L. 99-498, §602(b), reenacted subsec. (c) without change.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1124a, 1125b, 1126 of this title.

**§ 1123. Language resource centers****(a) Language resource centers authorized**

The Secretary is authorized to make grants to and enter into contracts with institutions of higher education, or combinations of such institutions, for the purpose of establishing,

strengthening, and operating a small number of national language resource and training centers, which shall serve as resources to improve the capacity to teach and learn foreign languages effectively. Activities carried out by such centers may include—

(1) the conduct of research on new and improved teaching methods, including the use of advanced educational technology;

(2) the development of new teaching materials reflecting the use of such research in effective teaching strategies;

(3) the development and application of performance testing appropriate to an educational setting for use as a standard and comparable measurement of skill levels in all languages;

(4) the training of teachers in the administration and interpretation of performance tests, the use of effective teaching strategies, and the use of new technologies;

(5) the publication of instructional materials in the less commonly taught languages; and

(6) the widespread dissemination of research results, teaching materials, and improved pedagogical strategies to others within the post-secondary education community.

**(b) Conditions for grants**

Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the provisions of this section.

(Pub. L. 89-329, title VI, §603, as added Pub. L. 96-374, title VI, §601(a), Oct. 3, 1980, 94 Stat. 1466; amended Pub. L. 99-498, title VI, §603, Oct. 17, 1986, 100 Stat. 1515; Pub. L. 102-325, title VI, §601, July 23, 1992, 106 Stat. 722; Pub. L. 103-208, §2(j)(12), Dec. 20, 1993, 107 Stat. 2481.)

## PRIOR PROVISIONS

A prior section 1123, Pub. L. 89-329, title VI, §603, Nov. 8, 1965, 79 Stat. 1262, related to the State plans for carrying out the program of equipment grants to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 96-374.

## AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208 substituted “resource” for “resources” in heading.

1992—Pub. L. 102-325 amended section generally, substituting “operating a small number of national language and training centers” for “operating language training centers” in introductory provisions of subsec. (a).

1986—Pub. L. 99-498 amended section generally, revising and restating as subsecs. (a) and (b) provisions of former subsecs. (a) to (c).

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

APPROPRIATIONS NOT AUTHORIZED FOR FISCAL YEAR  
1982, 1983, OR 1984

Pub. L. 97-35, title V, §511(b)(2), Aug. 13, 1981, 95 Stat. 443, provided that: “No funds are authorized to be ap-

propriated to carry out part B of title XV of the Education Amendments of 1978 [sections 1511 to 1519 of Pub. L. 95-561, see note below] for fiscal year 1982, 1983, or 1984.”

NATIONAL ACADEMY OF PEACE AND CONFLICT  
RESOLUTION

Pub. L. 95-561, title XV, §§1511-1519, Nov. 1, 1978, 92 Stat. 2376-2378, established the Commission on Proposals for the National Academy of Peace and Conflict Resolution, authorized the Commission to undertake a study to consider whether to establish a National Academy of Peace and Conflict Resolutions and alternative proposals, and directed the Commission to make interim reports as appropriate and a final report to the President and each House of Congress not later than one year after the date on which appropriations first become available.

**§ 1124. Undergraduate international studies and foreign language programs**

**(a) Incentives for creation of undergraduate international studies and foreign language programs**

**(1) Authority**

The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions to assist such institutions or combinations in planning, developing, and carrying out a program to improve undergraduate instruction in international studies and foreign languages. Such grants shall be awarded to institutions of higher education or combinations of such institutions seeking to create new programs or curricula in area studies, foreign languages, and other international fields.

**(2) Federal share and use of funds**

Grants made under this section may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of such a program, such as—

- (A) planning for the development and expansion of undergraduate programs in international studies;
- (B) teaching, research, curriculum development, and other related activities;
- (C) training of faculty members in foreign countries;
- (D) expansion of foreign language courses;
- (E) programs under which foreign teachers and scholars may visit institutions as visiting faculty;
- (F) international education programs designed to develop or enhance linkages between two- and four-year institutions of higher education, or baccalaureate and post-baccalaureate programs or institutions;
- (G) the development of an international dimension in preservice and inservice teacher training;
- (H) the development of undergraduate study abroad programs in locations abroad in which such study opportunities are not otherwise available or which serve students for whom such opportunities are not otherwise available and which provide courses that are closely related to on-campus foreign language and international studies curricula; and
- (I) the integration of new study abroad opportunities for undergraduate students into curricula of specific degree programs.

**(3) Non-Federal share**

The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.

**(4) Priority**

In awarding grants under this section, the Secretary shall give priority to applications from institutions of higher education or combinations of such institutions that require entering students to have successfully completed at least 2 years of secondary school foreign language instruction or that require each graduating student to earn 2 years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in the foreign language) or, in the case of a two-year degree granting institution, offer 2 years of postsecondary credit in a foreign language.

**(b) Grants to strengthen programs of demonstrated excellence in undergraduate international studies and foreign language programs**

**(1) In general**

The Secretary is authorized to make grants to institutions of higher education, combinations of such institutions, or partnerships between nonprofit educational organizations and institutions of higher education to enable such institutions of higher education, combinations of such institutions or partnerships to—

- (A) strengthen programs of demonstrated excellence in area studies, foreign languages, and other international fields in order to ensure the self-sustaining maintenance and growth of such programs; and
- (B) enhance the capacity-building and dissemination functions of such programs.

**(2) Federal share and use of grant funds**

Grants awarded under this subsection may be used to pay not more than 50 percent of the cost of projects and activities which are an integral part of the programs described in paragraph (1), such as—

- (A) teaching, research, curriculum development, and other related activities;
- (B) strengthening undergraduate majors and minors directly related to the generation of international expertise;
- (C) developing new foreign language courses, especially in languages previously not taught at such institution or combination of such institutions, and improving the quality of existing foreign language programs;
- (D) expanding library and teaching resources;
- (E) establishing linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this subsection;
- (F) developing programs designed to integrate professional and technical education with area studies, foreign languages, and other international fields;
- (G) disseminating curricular materials and program designs to other educational institutions;



(H) integrating on-campus undergraduate curriculum with study abroad and exchange programs;

(I) training faculty and staff in area studies, foreign languages, and other international fields;

(J) conducting summer institutes in foreign area and other international fields to provide faculty and curriculum development, including the integration of professional and technical education with foreign area and other international studies, and to provide foreign area and other international knowledge or skills to government personnel or private sector professionals in international activities;

(K) developing study and internship abroad programs—

- (i) in locations in which such opportunities are not otherwise available; or
- (ii) which serve students for whom such opportunities are not otherwise available; and

(L) developing model programs to enrich or enhance the effectiveness of study abroad programs, including predeparture and post return orientation programs, integration of study abroad into the curriculum of the home institution, credit transfer, improved faculty involvement, cross-disciplinary programs, student selection and advising services, and academic advising.

### (3) Non-Federal share

The non-Federal share of the cost of the programs assisted under this subsection may be provided either in cash or in kind. Such assistance may be composed of institutional and noninstitutional funds, including State and private contributions.

### (4) Evaluation criteria and report

As a condition for the award of any grant under this subsection, the Secretary may establish criteria for evaluating programs and require an annual report which evaluates the progress and performance of students in such programs.

### (c) Programs of national significance

The Secretary may also award grants to public and private nonprofit agencies and organizations, including professional and scholarly associations, whenever the Secretary determines such grants will make an especially significant contribution to attaining the objective of this section.

(Pub. L. 89-329, title VI, § 604, as added Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1466; amended Pub. L. 99-498, title VI, § 604, Oct. 17, 1986, 100 Stat. 1516; Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 722.)

#### PRIOR PROVISIONS

A prior section 1124, Pub. L. 89-329, title VI, § 604, Nov. 8, 1965, 79 Stat. 1263; Pub. L. 89-752, § 14, Nov. 3, 1966, 80 Stat. 1244; Pub. L. 90-575, title II, § 242(b)-(d), Oct. 16, 1968, 82 Stat. 1041; Pub. L. 94-482, title I, § 157, Oct. 12, 1976, 90 Stat. 2156, provided for grants to institutions of higher education for projects, prior to the general revision of this subchapter by Pub. L. 96-374.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting present provisions for provisions authorizing grants for undergraduate international studies and foreign language programs in subsec. (a), model programs in subsec. (b), and grants to nonprofit agencies and organizations in subsec. (c).

1986—Subsec. (a). Pub. L. 99-498, § 604(a), (b), struck out “comprehensive” before “program” in two places in introductory provisions and inserted “pre-service and in-service” before “teacher” in par. (7).

Subsecs. (b), (c). Pub. L. 99-498, § 604(c), added subsec. (b) and redesignated former subsec. (b) as (c).

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1124a. Intensive summer language institutes

#### (a) Intensive summer language institutes authorized

##### (1) Grants authorized

The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing and conducting intensive summer language institutes.

##### (2) Eligible grant recipients

Training authorized by this section shall be provided through—

(A) institutes designed to meet the needs for intensive language training by advanced foreign language students;

(B) institutes designed to provide professional development and improve language instruction through preservice and inservice training for language teachers; or

(C) institutes that combine the purposes of subparagraphs (A) and (B).

##### (3) Authorized activities

Grants made under this section may be used for—

(A) intensive training in critical languages;

(B) training in neglected languages; and

(C) stipends for students and faculty attending the institutes authorized by this section.

##### (4) Instructional program

Institutes supported under this section may provide instruction on a full-time or part-time basis to supplement instruction not fully available in centers supported under section 1122 of this title.

##### (b) Peer review

Grants made under this section shall be awarded on the basis of recommendations made by peer review panels composed of broadly representative professionals.

(Pub. L. 89-329, title VI, § 605, as added Pub. L. 99-498, title VI, § 605(2), Oct. 17, 1986, 100 Stat. 1517; amended Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 725.)

#### PRIOR PROVISIONS

A prior section 605 of Pub. L. 89-329 was renumbered section 606 and is classified to section 1125 of this title.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally, inserting subsec. headings and reenacting text without substantial change.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1125. Research; studies; annual report****(a) Authorized activities**

The Secretary may, directly or through grants or contracts, conduct research and studies which contribute to the purposes of this part. Such research and studies may include but are not limited to—

(1) studies and surveys to determine needs for increased or improved instruction in foreign language, area studies, or other international fields, including the demand for foreign language, area, and other international specialists in government, education, and the private sector;

(2) studies and surveys to assess the utilization of graduates of programs supported under this subchapter by governmental, educational, and private sector organizations and other studies assessing the outcomes and effectiveness of programs so supported;

(3) comparative studies of the effectiveness of strategies to provide international capabilities at institutions of higher education;

(4) research on more effective methods of providing instruction and achieving competency in foreign languages;

(5) the development and publication of specialized materials for use in foreign language, area studies, and other international fields, or for training foreign language, area, and other international specialists; and

(6) the application of performance tests and standards across all areas of foreign language instruction and classroom use.

**(b) Annual report**

The Secretary shall prepare, publish, and announce an annual report listing the books and research materials produced with assistance under this section.

(Pub. L. 89-329, title VI, § 606, formerly § 605, as added Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1467; amended Pub. L. 97-375, title II, § 204, Dec. 21, 1982, 96 Stat. 1823; Pub. L. 99-386, title I, § 103(c), Aug. 22, 1986, 100 Stat. 821; renumbered § 606 and amended Pub. L. 99-498, title VI, §§ 605(1), 606, Oct. 17, 1986, 100 Stat. 1517; Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 725.)

## PRIOR PROVISIONS

A prior section 1125, Pub. L. 89-329, title VI, § 605, Nov. 8, 1965, 79 Stat. 1264; Pub. L. 90-575, title II, § 242(a), (e), Oct. 16, 1968, 82 Stat. 1041, related to the applications by institutions of higher education for grants under the program of equipment grants, prior to the general revision of this subchapter by Pub. L. 96-374.

A prior section 606 of Pub. L. 89-329 was renumbered section 609 and is classified to section 1126 of this title.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally, in subsec. (a) adding references to area studies or other

international fields, including demand for foreign language, area, and other international specialists in government, education, and private sector, and references to studies and surveys to assess utilization of graduates of programs supported under this subchapter and in subsec. (b) requiring Secretary to announce annual report.

1986—Subsec. (a). Pub. L. 99-498, § 606(a), struck out “and part N of title III of the Elementary and Secondary Education Act of 1965” after “contribute to the purposes of this part” in introductory provisions, added par. (3), redesignated former par. (3) as (4), and inserted “and publication” after “development” in par. (4).

Subsec. (b). Pub. L. 99-498, § 606(b), amended subsec. (b) generally, notwithstanding prior repeal of subsec. (b) by Pub. L. 99-386.

Pub. L. 99-386 struck out subsec. (b) which related to publication by Secretary of annual report listing books and research materials produced with assistance under this subchapter.

1982—Subsec. (b). Pub. L. 97-375 substituted “listing” for “which shall include an index and analysis”.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1125a. Periodicals and other research materials published outside United States****(a) Program authorized; authorization of appropriations****(1) Program authorized**

From the amount appropriated under paragraph (2), the Secretary is authorized to award grants to institutions of higher education, public or nonprofit private library institutions, or consortia of such institutions for the acquisition of, and provision of access to, periodicals and other research materials published outside the United States.

**(2) Authorization of appropriations**

In addition to the amount authorized to be appropriated by section 1128 of this title, there are authorized to be appropriated \$5,000,000 for fiscal year 1993, and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this section.

**(b) Authorized activities**

Grants under this section shall be used for the following purposes:

(1) To acquire periodicals and other research materials published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance.

(2) To maintain in machine-readable form current bibliographic information on periodicals and other research materials thus acquired, and to enter such information into one or more of the widely available bibliographic data bases.

(3) To preserve such periodicals and other research materials.

(4) To make such periodicals and other research materials widely available to researchers and scholars.

**(c) Application and preference****(1) Application**

Each institution or consortium desiring a grant under this section shall submit an appli-

cation to the Secretary at such time, in such manner, and accompanied by such information and assurances as the Secretary may reasonably require.

## **(2) Preference**

The Secretary shall give preference to grant applications according to the following criteria:

(A) The total number of library research materials in an institution's or consortium's collection.

(B) The comprehensiveness, both current and retrospective, of the institution's or consortium's collection of periodicals and other research materials published outside the United States.

(C) Public accessibility to the institution's or consortium's collection of periodicals and other research materials published outside the United States.

(D) The institution's or consortium's technological capability to share its collection of periodicals and other research materials published outside the United States with other institutions of higher education, with public or nonprofit institutions, and with individual scholars.

(E) The institution's or consortium's budget and staff capability to build, maintain, and service periodicals and other research materials published outside the United States.

## **(3) Sufficient size**

The Secretary shall award grants under this section of sufficient size to enable an institution or consortium to—

(A) substantially improve its collection of foreign periodicals and other research materials published outside the United States; and

(B) contribute to a comprehensive national base of foreign language materials for students and scholars.

## **(d) Written agreement**

### **(1) Agreement required**

Prior to the awarding of grants authorized under subsection (c) of this section, each recipient institution or consortium shall file a formal written agreement with the Secretary which outlines their collecting responsibilities regarding periodicals and other research materials published outside the United States and ensures public access.

### **(2) Funding limitation**

No funds from grants authorized under subsection (c) of this section may be used by a recipient institution or consortium to acquire and process periodicals and other research materials published outside the United States other than that specified in the agreement filed with the Secretary under paragraph (1).

## **(e) Copyright**

Nothing in this section shall be considered to amend, affect, or define the provisions of title 17, relating to copyright.

(Pub. L. 89-329, title VI, § 607, as added Pub. L. 99-498, title VI, § 607, Oct. 17, 1986, 100 Stat. 1518;

amended Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 726; Pub. L. 103-208, § 2(j)(13), Dec. 20, 1993, 107 Stat. 2481.)

### **PRIOR PROVISIONS**

A prior section 607 of Pub. L. 89-329 was renumbered section 610 and is classified to section 1127 of this title.

### **AMENDMENTS**

1993—Subsec. (c)(2), (3). Pub. L. 103-208 redesignated the par. (2) relating to size of grants as (3).

1992—Pub. L. 102-325 amended section generally, inserting references to other research materials published outside United States, increasing authorized annual appropriation to \$5,000,000, and adding provision for a system of preferences and a written agreement.

### **EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### **EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## **§ 1125b. Selection of certain grant recipients**

### **(a) Competitive grants**

The Secretary shall award grants under section 1122 of this title competitively on the basis of criteria that separately, but not less rigorously, evaluates the applications for comprehensive and undergraduate language and area centers and programs.

### **(b) Selection criteria**

The Secretary shall set criteria for grants awarded under section 1122 of this section by which a determination of excellence shall be made to meet the differing objectives of graduate and undergraduate institutions.

### **(c) Equitable distribution of grants**

The Secretary shall, to the extent practicable, award grants under this part (other than section 1122 of this title) in such manner as to achieve an equitable distribution of funds throughout the United States, based on the merit of a proposal with peer review by broadly representative professionals.

(Pub. L. 89-329, title VI, § 608, as added Pub. L. 99-498, title VI, § 608, Oct. 17, 1986, 100 Stat. 1518; amended Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 727.)

### **PRIOR PROVISIONS**

A prior section 608 of Pub. L. 89-329, title VI, Nov. 8, 1965, 79 Stat. 1265, provided process of judicial review in event of State dissatisfaction in equipment grant program and was classified to section 1128 of this title, prior to the general revision of this subchapter by Pub. L. 96-374.

### **AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, making minor changes in headings for subsecs. (a) and (b) and reenacting text without substantial change.

### **EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1126. Equitable distribution of certain funds****(a) Selection criteria**

The Secretary shall make excellence the criterion for selection of grants awarded under section 1122 of this title.

**(b) Equitable distribution**

To the extent practicable and consistent with the criterion of excellence, the Secretary shall award grants under this part (other than section 1122 of this title) in such a manner as will achieve an equitable distribution of funds throughout the Nation.

**(c) Support for undergraduate education**

The Secretary shall also award grants under this part in such manner as to ensure that an appropriate portion of the funds appropriated for this part (as determined by the Secretary) are used to support undergraduate education.

(Pub. L. 89-329, title VI, § 609, formerly § 606, as added Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1467; renumbered § 609, Pub. L. 99-498, title VI, § 605(1), Oct. 17, 1986, 100 Stat. 1517; amended Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 727.)

**PRIOR PROVISIONS**

A prior section 1126, Pub. L. 89-329, title VI, § 606, Nov. 8, 1965, 79 Stat. 1265, related to reservation and payment of equipment grants to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 96-374.

A prior section 609 of Pub. L. 89-329, title VI, Nov. 8, 1965, 79 Stat. 1266; Pub. L. 92-318, title I, § 131(d)(2)(D), June 23, 1972, 86 Stat. 260, prohibited equipment grants for sectarian instruction or religious worship and was classified to section 1129 of this title, prior to the general revision of this subchapter by Pub. L. 96-374.

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, reenacting subsecs. (a) and (b) without substantial change and adding subsec. (c).

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1127. American overseas research centers****(a) Centers authorized**

The Secretary is authorized to make grants to and enter into contracts with any American overseas research center that is a consortium of institutions of higher education (hereafter in this section referred to as a “center”) to enable such center to promote postgraduate research, exchanges and area studies.

**(b) Use of grants**

Grants made and contracts entered into pursuant to this section may be used to pay all or a portion of the cost of establishing or operating a center or program, including the cost of faculty and staff stipends and salaries, faculty, staff and student travel, the operation and maintenance of overseas facilities, the cost of teaching and research materials, the cost of acquisition, maintenance and preservation of library collections, the cost of bringing visiting scholars and faculty to a center to teach or to

conduct research, the cost of organizing and managing conferences and the cost of publication and dissemination of material for the scholarly and general public.

**(c) Limitation**

The Secretary shall only award grants to and enter into contracts with centers under this section that—

(1) receive more than 50 percent of their funding from public or private United States sources;

(2) have a permanent presence in the country in which the center is located; and

(3) are organizations described in section 501(c)(3) of title 26 which are exempt from taxation under section 501(a) of such title.

(Pub. L. 89-329, title VI, § 610, formerly § 607, as added Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1467; renumbered § 610 and amended Pub. L. 99-498, title VI, § 605(1), 609, Oct. 17, 1986, 100 Stat. 1517, 1519; Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 728.)

**PRIOR PROVISIONS**

A prior section 1127, Pub. L. 89-329, title VI, § 607, Nov. 8, 1965, 79 Stat. 1265, provided procedures to be followed in event of disapproval of a State plan under equipment grant program, prior to the general revision of this subchapter by Pub. L. 96-374.

A prior section 610 of Pub. L. 89-329, title VI, as added Pub. L. 90-575, title II, § 243, Oct. 16, 1968, 82 Stat. 1041, provided for consultation with National Science Foundation in regard to purchase of laboratory equipment and was classified to section 1129a of this title, prior to the general revision of this subchapter by Pub. L. 96-374.

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows: “There are authorized to be appropriated to carry out this part \$49,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.”

1986—Pub. L. 99-498, § 609, amended section generally. Prior to amendment, section read as follows: “There are authorized to be appropriated \$45,000,000 for fiscal year 1981, \$50,000,000 for fiscal year 1982, \$60,000,000 for fiscal year 1983, \$70,000,000 for fiscal year 1984, and \$80,000,000 for fiscal year 1985, to carry out the provisions of this part.”

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1128. Authorization of appropriations**

There are authorized to be appropriated to carry out this part \$80,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years.

(Pub. L. 89-329, title VI, § 610A, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 728.)

**PRIOR PROVISIONS**

A prior section 1128, Pub. L. 89-329, title VI, § 608, Nov. 8, 1965, 79 Stat. 1265, provided the process of judicial review in event of State dissatisfaction in equipment grant program, prior to the general revision of this subchapter by Pub. L. 96-374.

Sections 1129 and 1129a were omitted in the general revision of this subchapter by Pub. L. 96-374.

Section 1129, Pub. L. 89-329, title VI, § 609, Nov. 8, 1965, 79 Stat. 1266; Pub. L. 92-318, title I, § 131(d)(2)(D), June

23, 1972, 86 Stat. 260, prohibited equipment grants for sectarian instruction or religious worship.

Section 1129a, Pub. L. 89-329, title VI, §610, as added Pub. L. 90-575, title II, §243, Oct. 16, 1968, 82 Stat. 1041, provided for consultation with the National Science Foundation in regard to the purchase of laboratory equipment.

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1125a of this title.

#### PART B—BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS

### § 1130. Findings and purposes

#### (a) Findings

The Congress finds that—

(1) the future economic welfare of the United States will depend substantially on increasing international skills in the business and educational community and creating an awareness among the American public of the internationalization of our economy;

(2) concerted efforts are necessary to engage business schools, language and area study programs, professional international affairs education programs, public and private sector organizations, and United States business in a mutually productive relationship which benefits the Nation's future economic interests;

(3) few linkages presently exist between the manpower and information needs of United States business and the international education, language training and research capacities of institutions of higher education in the United States, and public and private organizations; and

(4) organizations such as world trade councils, world trade clubs, chambers of commerce and State departments of commerce are not adequately used to link universities and business for joint venture exploration and program development.

#### (b) Purposes

It is the purpose of this part—

(1) to enhance the broad objective of this chapter by increasing and promoting the Nation's capacity for international understanding and economic enterprise through the provision of suitable international education and training for business personnel in various stages of professional development; and

(2) to promote institutional and noninstitutional educational and training activities that will contribute to the ability of United States business to prosper in an international economy.

(Pub. L. 89-329, title VI, §611, as added Pub. L. 96-374, title VI, §601(a), Oct. 3, 1980, 94 Stat. 1467; amended Pub. L. 99-498, title VI, §610, Oct. 17, 1986, 100 Stat. 1519; Pub. L. 102-325, title VI, §601, July 23, 1992, 106 Stat. 728.)

#### REFERENCES IN TEXT

This chapter, referred to in subsec. (b)(1), was in the original "this Act", meaning Pub. L. 89-329, known as

the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, inserting subsec. headings and reenacting text without substantial change.

1986—Subsec. (a)(1). Pub. L. 99-498 inserted "and educational" after "skills in the business".

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1130-1. Centers for international business education

#### (a) Program authorized

##### (1) In general

The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, to pay the Federal share of the cost of planning, establishing and operating centers for international business education which—

(A) will be national resources for the teaching of improved business techniques, strategies, and methodologies which emphasize the international context in which business is transacted;

(B) will provide instruction in critical foreign languages and international fields needed to provide understanding of the cultures and customs of United States trading partners; and

(C) will provide research and training in the international aspects of trade, commerce, and other fields of study.

##### (2) Special rule

In addition to providing training to students enrolled in the institution of higher education in which a center is located, such centers shall serve as regional resources to businesses proximately located by offering programs and providing research designed to meet the international training needs of such businesses. Such centers shall also serve other faculty, students, and institutions of higher education located within their region.

#### (b) Authorized expenditures

Each grant made under this section may be used to pay the Federal share of the cost of planning, establishing or operating a center, including the cost of—

(1) faculty and staff travel in foreign areas, regions, or countries;

(2) teaching and research materials;

(3) curriculum planning and development;

(4) bringing visiting scholars and faculty to the center to teach or to conduct research; and

(5) training and improvement of the staff, for the purpose of, and subject to such conditions as the Secretary finds necessary for, carrying out the objectives of this section.

#### (c) Authorized activities

##### (1) Mandatory activities

Programs and activities to be conducted by centers assisted under this section shall include—

(A) interdisciplinary programs which incorporate foreign language and international studies training into business, finance, management, communications systems, and other professional curricula;

(B) interdisciplinary programs which provide business, finance, management, communications systems, and other professional training for foreign language and international studies faculty and advanced degree candidates;

(C) evening or summer programs, such as intensive language programs, available to members of the business community and other professionals which are designed to develop or enhance their international skills, awareness, and expertise;

(D) collaborative programs, activities, or research involving other institutions of higher education, local educational agencies, professional associations, businesses, firms, or combinations thereof, to promote the development of international skills, awareness, and expertise among current and prospective members of the business community and other professionals;

(E) research designed to strengthen and improve the international aspects of business and professional education and to promote integrated curricula; and

(F) research designed to promote the international competitiveness of American businesses and firms, including those not currently active in international trade.

## **(2) Permissible activities**

Programs and activities to be conducted by centers assisted under this section may include—

(A) the establishment of overseas internship programs for students and faculty designed to provide training and experience in international business activities, except that no Federal funds provided under this section may be used to pay wages or stipends to any participant who is engaged in compensated employment as part of an internship program;

(B) the establishment of linkages overseas with institutions of higher education and other organizations that contribute to the educational objectives of this section;

(C) summer institutes in international business, foreign area studies, and other international studies designed to carry out the purposes of subparagraph (A) of this paragraph;

(D) the development of opportunities for business students to study abroad in locations which are important to the existing and future economic well-being of the United States;

(E) outreach activities or consortia with business programs located at other institutions of higher education for the purpose of providing expertise regarding the internationalization of such programs, such as assistance in research, curriculum development, faculty development, or educational exchange programs; and

(F) other eligible activities prescribed by the Secretary.

## **(d) Advisory council**

### **(1) Establishment**

In order to be eligible for assistance under this section, an institution of higher education, or combination of such institutions, shall establish a center advisory council which will conduct extensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs.

### **(2) Membership on advisory council**

The center advisory council shall include—

(A) one representative of an administrative department or office of the institution of higher education;

(B) one faculty representative of the business or management school or department of such institution;

(C) one faculty representative of the international studies or foreign language school or department of such institution;

(D) one faculty representative of another professional school or department of such institution, as appropriate;

(E) one or more representatives of local or regional businesses or firms;

(F) one representative appointed by the Governor of the State in which the institution of higher education is located whose normal responsibilities include official oversight or involvement in State-sponsored trade-related activities or programs; and

(G) such other individuals as the institution of higher education deems appropriate.

### **(3) Meetings**

In addition to the initial planning activities required under subsection (d)(1) of this section, the center advisory council shall meet not less than once each year after the establishment of the center to assess and advise on the programs and activities conducted by the center.

## **(e) Grant duration; Federal share**

### **(1) Duration of grants**

The Secretary shall make grants under this section for a minimum of 3 years unless the Secretary determines that the provision of grants of shorter duration is necessary to carry out the objectives of this section.

### **(2) Federal share**

The Federal share of the cost of planning, establishing and operating centers under this section shall be—

(A) not more than 90 percent for the first year in which Federal funds are received;

(B) not more than 70 percent for the second such year; and

(C) not more than 50 percent for the third such year and for each such year thereafter.

### **(3) Non-Federal share**

The non-Federal share of the cost of planning, establishing, and operating centers under this section may be provided either in cash or in-kind.

### **(4) Waiver of non-Federal share**

In the case of an institution of higher education receiving a grant under this part and

conducting outreach or consortia activities with another institution of higher education in accordance with subsection (c)(2)(E) of this section, the Secretary may waive a portion of the requirements for the non-Federal share required in paragraph (2) equal to the amount provided by the institution of higher education receiving such grant to such other institution of higher education for carrying out such outreach or consortia activities. Any such waiver shall be subject to such terms and conditions as the Secretary deems necessary for carrying out the purposes of this section.

**(f) Grant conditions**

Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the objectives of this section. Such conditions shall include—

(1) evidence that the institution of higher education, or combination of such institutions, will conduct extensive planning prior to the establishment of a center concerning the scope of the center's activities and the design of its programs in accordance with subsection (d)(1) of this section;

(2) assurance of ongoing collaboration in the establishment and operation of the center by faculty of the business, management, foreign language, international studies, professional international affairs, and other professional schools or departments, as appropriate;

(3) assurance that the education and training programs of the center will be open to students concentrating in each of these respective areas, as appropriate; and

(4) assurance that the institution of higher education, or combination of such institutions, will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (c)(1) of this section.

(Pub. L. 89-329, title VI, §612, as added Pub. L. 100-418, title VI, §6261(2), Aug. 23, 1988, 102 Stat. 1520; amended Pub. L. 102-325, title VI, §601, July 23, 1992, 106 Stat. 729.)

**PRIOR PROVISIONS**

A prior section 612 of Pub. L. 89-329 was renumbered section 613 and is classified to section 1130a of this title.

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, substituting present provisions for provisions relating to grants for establishing and operating international business education centers in subsec. (a), costs to be covered by Federal funds in subsec. (b), scope of programs and activities in subsec. (c), center advisory council in subsec. (d), duration of grants and allotment of Federal and non-Federal shares in subsec. (e), and conditions for grants in subsec. (f).

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1130b of this title.

**§ 1130a. Education and training programs**

**(a) Program authorized**

The Secretary shall make grants to, and enter into contracts with, institutions of higher education to pay the Federal share of the cost of programs designed to promote linkages between such institutions and the American business community engaged in international economic activity. Each program assisted under this section shall both enhance the international academic programs of institutions of higher education and provide appropriate services to the business community which will expand its capacity to engage in commerce abroad.

**(b) Authorized activities**

Eligible activities to be conducted by institutions of higher education pursuant to grants or contracts awarded under this section shall include—

(1) innovation and improvement in international education curricula to serve the needs of the business community, including development of new programs for nontraditional, mid-career, or part-time students;

(2) development of programs to inform the public of increasing international economic interdependence and the role of American business within the international economic system;

(3) internationalization of curricula at the junior and community college level, and at undergraduate and graduate schools of business;

(4) development of area studies programs, and interdisciplinary international programs;

(5) establishment of export education programs through cooperative arrangements with regional and world trade centers and councils, and with bilateral and multilateral trade associations;

(6) research for and development of specialized teaching materials, including language materials, and facilities appropriate to business-oriented students;

(7) establishment of student and faculty fellowships and internships for training and education in international business activities;

(8) development of opportunities for junior business and other professional school faculty to acquire or strengthen international skills and perspectives;

(9) development of research programs on issues of common interest to institutions of higher education and private sector organizations and associations engaged in or promoting international economic activity;

(10) the establishment of internships overseas to enable foreign language students to develop their foreign language skills and knowledge of foreign cultures and societies;

(11) the establishment of linkages overseas with institutions of higher education and organizations that contribute to the educational objectives of this section; and

(12) summer institutes in international business, foreign area and other international studies designed to carry out the purposes of this section.

**(c) Applications**

No grant may be made and no contract may be entered into under this section unless an insti-

tution of higher education submits an application to the Secretary at such time and in such manner as the Secretary may reasonably require. Each such application shall be accompanied by a copy of the agreement entered into by the institution of higher education with a business enterprise, trade organization or association engaged in international economic activity, or a combination or consortium of such enterprises, organizations or associations, for the purpose of establishing, developing, improving or expanding activities eligible for assistance under subsection (b) of this section. Each such application shall contain assurances that the institution of higher education will use the assistance provided under this section to supplement and not to supplant activities conducted by institutions of higher education described in subsection (b) of this section.

**(d) Federal share**

The Federal share under this part for each fiscal year shall not exceed 50 percent of the cost of such program.

(Pub. L. 89-329, title VI, §613, formerly §612, as added Pub. L. 96-374, title VI, §601(a), Oct. 3, 1980, 94 Stat. 1468; amended Pub. L. 99-498, title VI, §611, Oct. 17, 1986, 100 Stat. 1519; renumbered §613 and amended Pub. L. 100-418, title VI, §§6261(1), 6263, Aug. 23, 1988, 102 Stat. 1520, 1523; Pub. L. 102-325, title VI, §601, July 23, 1992, 106 Stat. 732.)

**PRIOR PROVISIONS**

A prior section 613 of Pub. L. 89-329 was renumbered section 614 and is classified to section 1130b of this title.

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, adding provisions relating to establishment of linkages overseas with institutions of higher education and organizations that contribute to educational objectives of this section and relating to summer institutes in international business, foreign area and other international studies designed to carry out purposes of this section.

1988—Subsecs. (a), (c), (d). Pub. L. 100-418 substituted “section” for “part” wherever appearing.

1986—Subsec. (b)(10). Pub. L. 99-498 added par. (10).

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1130b of this title.

**§ 1130b. Authorization of appropriations**

**(a) Centers for international business education**

There are authorized to be appropriated \$11,000,000 for the fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of section 1130-1 of this title.

**(b) Education and training programs**

There are authorized to be appropriated \$7,000,000 for fiscal year 1993, and such sums as may be necessary for the 4 succeeding fiscal years, to carry out the provisions of section 1130a of this title.

(Pub. L. 89-329, title VI, §614, formerly §613, as added Pub. L. 96-374, title VI, §601(a), Oct. 3, 1980, 94 Stat. 1469; amended Pub. L. 99-498, title VI, §612, Oct. 17, 1986, 100 Stat. 1519; renumbered §614 and amended Pub. L. 100-418, title VI, §§6261(1), 6262, Aug. 23, 1988, 102 Stat. 1520, 1523; Pub. L. 101-600, §7, Nov. 16, 1990, 104 Stat. 3046; Pub. L. 102-325, title VI, §601, July 23, 1992, 106 Stat. 733.)

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally. Prior to amendment, section read as follows:

“(a) There are authorized to be appropriated \$7,500,000 for the fiscal year 1988 and for each of the 4 succeeding fiscal years to carry out the provisions of section 1130-1 of this title.

“(b) There are authorized to be appropriated \$5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years, to carry out the provisions of section 1130a of this title.”

1990—Subsec. (a). Pub. L. 101-600 substituted “\$7,500,000” for “\$5,000,000” and “4 succeeding” for “3 succeeding”.

1988—Pub. L. 100-418, §6262, amended section generally. Prior to amendment, section read as follows: “There are authorized to be appropriated to carry out this part \$5,000,000 for fiscal year 1987, and such sums as may be necessary for the 4 succeeding fiscal years.”

1986—Pub. L. 99-498 amended section generally. Prior to amendment, section read as follows: “There are authorized to be appropriated \$7,500,000 for fiscal year 1981 and for each of the succeeding fiscal years ending prior to October 1, 1985, to carry out the provisions of this part.”

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**PART C—INSTITUTE FOR INTERNATIONAL PUBLIC POLICY**

**§ 1131. Minority foreign service professional development program**

**(a) Establishment**

The Secretary is authorized to award a grant, on a competitive basis, to an eligible recipient to enable such recipient to establish an Institute for International Public Policy (hereafter in this part referred to as the “Institute”). The Institute shall conduct a program to significantly increase the numbers of African Americans and other underrepresented minorities in the international service, including private international voluntary organizations and the foreign service of the United States. Such program shall include a program for such students to study abroad in their junior year, fellowships for graduate study, internships, intensive academic programs such as summer institutes, or intensive language training.

**(b) “Eligible recipient” defined**

**(1) In general**

For the purpose of this part, the term “eligible recipient” means a consortium consisting of 1 or more of the following entities:

(A) An institution eligible for assistance under part B of subchapter III of this chapter.

(B) An institution of higher education which serves substantial numbers of African



American or other underrepresented minority students.

(C) An institution of higher education with programs in training foreign service professionals.

**(2) Host institution**

Each eligible recipient receiving a grant under this section shall designate an institution of higher education as the host institution for the Institute.

**(c) Application**

Each eligible recipient desiring a grant under this section shall submit an application at such time, in such manner, and accompanied by such information as the Secretary may reasonably require.

**(d) Duration**

Grants made pursuant to this section shall be awarded for a period not to exceed 5 years.

**(e) Match required**

The eligible recipient of a grant under this section shall contribute to the conduct of the program supported by the grant an amount from non-Federal sources equal to at least one-fourth the amount of the grant, which contribution may be in cash or in kind.

(Pub. L. 89-329, title VI, § 621, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 734.)

**PRIOR PROVISIONS**

A prior section 1131, Pub. L. 89-329, title VI, § 621, as added Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1469; amended Pub. L. 97-241, title III, § 303(b), Aug. 24, 1982, 96 Stat. 291; Pub. L. 99-498, title VI, § 613, Oct. 17, 1986, 100 Stat. 1519, related to advisory board on the conduct of programs under this subchapter, prior to repeal by Pub. L. 101-392, title VI, §§ 612, 702(a), Sept. 25, 1990, 104 Stat. 842, 843, effective July 1, 1991.

Another prior section 1131, Pub. L. 89-329, title VI, § 621, Nov. 8, 1965, 79 Stat. 1266, related to grants for operating faculty development program workshops and institutes, prior to the general revision of this subchapter by Pub. L. 96-374.

**EFFECTIVE DATE**

Part effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1131a. Junior year abroad program**

**(a) Program authority**

The Institute shall conduct, by grant or contract, a junior year abroad program. The junior year abroad program shall be open to eligible students at institutions of higher education, including historically Black colleges and universities as defined in section 1061 of this title, tribally controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act of 1978 [25 U.S.C. 1801 et seq.], and other institutions of higher education with significant minority student populations. Eligible student expenses shall be shared by the Institute and the institution at which the student is in attendance. Each student may spend not more than 9 months abroad in a program of academic study, as well as social, familial and political interactions designed to foster an understanding of and familiarity with the lan-

guage, culture, economics and governance of the host country.

**(b) “Eligible student” defined**

For the purpose of this section, the term “eligible student” means a student that is—

(1) enrolled full-time in a baccalaureate degree program at an institution of higher education; and

(2) entering the third year of study at an institution of higher education which nominates such student for participation in the junior year abroad program.

**(c) Special rule**

An institution of higher education desiring to send a student on the junior year abroad program shall enter into a Memorandum of Understanding with the Institute under which such institution of higher education agrees to—

(1) provide the requisite academic preparation for students participating in the junior year abroad or internship programs;

(2) pay one-half the cost of each student it nominates for participation in the junior year abroad program; and

(3) meet such other requirements as the Secretary may from time to time, by regulation, reasonably require.

(Pub. L. 89-329, title VI, § 622, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 734.)

**REFERENCES IN TEXT**

The Tribally Controlled Community College Assistance Act of 1978, referred to in subsec. (a), is Pub. L. 95-471, Oct. 17, 1978, 92 Stat. 1325, as amended, which is classified principally to chapter 20 (§ 1801 et seq.) of Title 25, Indians. For complete classification of this Act to the Code, see Short Title note set out under section 1801 of Title 25 and Tables.

**PRIOR PROVISIONS**

A prior section 622 of Pub. L. 89-329, title VI, as added Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1470; amended Pub. L. 99-498, title VI, § 614, Oct. 17, 1986, 100 Stat. 1520, defined terms used in this subchapter and was classified to section 1132 of this title, prior to the general revision of this subchapter by Pub. L. 102-325. For definitions, see section 1132 of this title.

Another prior section 622 of Pub. L. 89-329, title VI, Nov. 8, 1965, 79 Stat. 1266, related to stipends for persons attending faculty development program institutes and was classified to section 1132 of this title, prior to the general revision of this subchapter by Pub. L. 96-374.

**§ 1131b. Masters degree in international relations**

The Institute shall provide, in cooperation with the other members participating in the eligible recipient consortium, a program of study leading to a masters degree in international relations. The masters degree program designed by the consortia shall be reviewed and approved by the Secretary. The Institute may grant fellowships in an amount not to exceed the level of support comparable to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurement of need approved by the Secretary. A fellowship recipient shall agree to undertake full-time study and to enter the international service (including work with private international

voluntary organizations) or foreign service of the United States.

(Pub. L. 89-329, title VI, § 623, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 735.)

#### § 1131c. Internships

The Institute shall enter into agreements with historically Black colleges and universities as defined in section 1061 of this title, tribally controlled Indian community colleges as defined in the Tribally Controlled Community College Assistance Act of 1978 [25 U.S.C. 1801 et seq.], other institutions of higher education with significant numbers of minority students, and institutions of higher education with programs in training foreign service professionals, to provide academic year internships during the junior and senior year and summer internships following the sophomore and junior academic years, by work placements with an international voluntary or government organizations or agencies, including the Agency for International Development, the United States Information Agency, the International Monetary Fund, the National Security Council, the Organization of American States, the Export-Import Bank, the Overseas Private Investment Corporation, the Department of State, Office of the United States Trade Representative, the World Bank, and the United Nations.

(Pub. L. 89-329, title VI, § 624, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 735.)

#### REFERENCES IN TEXT

The Tribally Controlled Community College Assistance Act of 1978, referred to in text, is Pub. L. 95-471, Oct. 17, 1978, 92 Stat. 1325, as amended, which is classified principally to chapter 20 (§1801 et seq.) of Title 25, Indians. For complete classification of this Act to the Code, see Short Title note set out under section 1801 of Title 25 and Tables.

#### § 1131d. Report

The Institute shall annually prepare a report on the activities of the Institute and shall submit such report to the Secretary of Education and the Secretary of State.

(Pub. L. 89-329, title VI, § 625, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 735.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1131e of this title.

#### § 1131e. Gifts and donations

The Institute is authorized to receive money and other property donated, bequeathed, or devised to the Institute with or without a condition of restriction, for the purpose of providing financial support for the fellowships or underwriting the cost of the Junior Year Abroad Program. All funds or property given, devised, or bequeathed shall be retained in a separate account, and an accounting of those funds and property shall be included in the annual report described in section 1131d of this title.

(Pub. L. 89-329, title VI, § 626, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 736.)

#### § 1131f. Authorization of appropriations

There is authorized to be appropriated \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

(Pub. L. 89-329, title VI, § 627, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 736.)

#### PART D—GENERAL PROVISIONS

#### § 1132. Definitions

##### (a) Definitions

As used in this subchapter—

(1) the term “area studies” means a program of comprehensive study of the aspects of a society or societies, including study of its history, culture, economy, politics, international relations and languages;

(2) the term “international business” means profit-oriented business relationships conducted across national boundaries and includes activities such as the buying and selling of goods, investments in industries, the licensing of processes, patents and trademarks, and the supply of services;

(3) the term “export education” means educating, teaching and training to provide general knowledge and specific skills pertinent to the selling of goods and services to other countries, including knowledge of market conditions, financial arrangements, laws and procedures;

(4) the term “internationalization of curricula” means the incorporation of international or comparative perspectives in existing courses of study or the addition of new components to the curricula to provide an international context for American business education;

(5) the term “comprehensive language and area center” means an administrative unit of a university that contributes significantly to the national interest in advanced research and scholarship, employs a critical mass of scholars in diverse disciplines related to a geographic concentration, offers intensive language training in languages of its area specialization, maintains important library collections related to the area, and makes training available in language and area studies to a graduate, postgraduate, and undergraduate clientele; and

(6) the term “undergraduate language and area center” means an administrative unit of an institution of higher education, including but not limited to 4-year colleges, that contributes significantly to the national interest through the education and training of students who matriculate into advanced language and area studies programs, professional school programs, or incorporates substantial international and foreign language content into baccalaureate degree programs, engages in research, curriculum development and community outreach activities designed to broaden international and foreign language knowledge, employs faculty with strong language, area, and international studies credentials, maintains library holdings, including basic reference works, journals, and works in trans-

lation, and makes training available predominantly to undergraduate students;

(7) the term “critical languages” means each of the languages contained in the list of critical languages designated by the Secretary pursuant to section 212(d) of the Education for Economic Security Act (50 Fed. Reg. 149, 31413), except that, in the implementation of this definition, the Secretary may set priorities according to the purposes of this subchapter; and

(8) the term “institution of higher education” means, in addition to institutions which meet the definition of section 1141(a) of this title, institutions which meet the requirements of section 1141(a) of this title except that (1) they are not located in the United States, and (2) they apply for assistance under this title in consortia with institutions which meet the definition of 1141(a) of this title.

#### (b) Special conditions

All references to individuals or organizations, unless the context otherwise requires, mean individuals who are citizens or permanent residents of the United States or organizations which are organized or incorporated in the United States.

(Pub. L. 89-329, title VI, § 631, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 736.)

#### REFERENCES IN TEXT

Section 212(d) of the Education for Economic Security Act, referred to in subsec. (a)(7), is section 212(d) of Pub. L. 98-377, title II, Aug. 11, 1984, 98 Stat. 1281, as amended, which was classified to section 3972(d) of this title and was repealed by Pub. L. 100-297, title II, § 2303, Apr. 28, 1988, 102 Stat. 324.

#### PRIOR PROVISIONS

A prior section 1132, Pub. L. 89-329, title VI, § 622, as added Pub. L. 96-374, title VI, § 601(a), Oct. 3, 1980, 94 Stat. 1470; amended Pub. L. 99-498, title VI, § 614, Oct. 17, 1986, 100 Stat. 1520, defined terms used in this subchapter, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1132, Pub. L. 89-329, title VI, § 622, Nov. 8, 1965, 79 Stat. 1266, related to stipends for persons attending faculty development program institutes, prior to the general revision of this subchapter by Pub. L. 96-374.

#### EFFECTIVE DATE

Part effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### § 1132-1. Preservation of pre-1992 programs

Notwithstanding any other provision of law, amendments to this subchapter establishing new programs or expanding existing programs enacted pursuant to the Higher Education Amendments of 1992 shall not be funded in fiscal year 1993, or the 4 succeeding fiscal years, unless and until Congress enacts appropriations for programs under this subchapter enacted prior to such Amendments at a level no less than the level of funding in effect for such preexisting programs for fiscal year 1992.

(Pub. L. 89-329, title VI, § 632, as added Pub. L. 102-325, title VI, § 601, July 23, 1992, 106 Stat. 737.)

#### REFERENCES IN TEXT

The Higher Education Amendments of 1992, referred to in text, is Pub. L. 102-325, July 23, 1992, 106 Stat. 448.

For complete classification of this Act to the Code, see Short Title of 1992 Amendment note set out under section 1001 of this title and Tables.

## SUBCHAPTER VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

### CODIFICATION

Title VII of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L. 89-329, title VII, Nov. 8, 1965, 79 Stat. 1266; amended Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367. Such title (except for parts A to C) is shown herein, however, as having been added by Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1520, without reference to such intervening amendments because of the extensive revision of the title's provisions by Pub. L. 99-498.

Parts A to C of title VII, comprising parts A to C of this subchapter, were originally added to title VII by Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 288; amended Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-43, June 15, 1977, 91 Stat. 213; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 99-498, Oct. 17, 1986, 100 Stat. 1268; Pub. L. 100-50, June 3, 1987, 101 Stat. 335; Pub. L. 100-369, July 18, 1988, 102 Stat. 835. Such parts are shown herein, however, as having been added by Pub. L. 102-325, title VII, §§ 703-705, July 23, 1992, 106 Stat. 738-747, without reference to such intervening amendments because of the extensive revision of the provisions of parts A to C by Pub. L. 102-325.

### SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in section 1069b of this title; title 40 App. section 214.

### § 1132a. Purposes

#### (a) In general

The Secretary shall carry out programs of financial assistance to institutions of higher education and to higher education building agencies for the construction, reconstruction, or renovation of academic facilities and the acquisition and maintenance of special research and instructional instrumentation and equipment. In making such grants, the Secretary shall include assistance to enable institutions—

(1) to bring their facilities into conformity with the requirements of—

(A) Federal, State, and local laws requiring removal of barriers to full participation by individuals with disabilities;

(B) environmental protection or health and safety programs mandated by Federal, State, or local law, if such requirements were not in effect at the time such facilities were constructed; or

(C) hazardous waste disposal, treatment, and storage requirements mandated by the Resource Conservation and Recovery Act of 1976 [42 U.S.C. 6901 et seq.], or similar State statutes;

(2) to more efficiently use available energy resources, especially coal, solar power, and other renewable energy resources;

(3) to detect, remove, or otherwise contain asbestos hazards in academic and other facilities used by students, in accordance with regulations prescribed by the Secretary;

(4) to construct, reconstruct, or renovate the Nation's academic research and instructional

instrumentation and facilities, including libraries (including renovation of libraries to promote the use of new technologies and preservation of library materials), and to acquire and maintain special research and instructional instrumentation and equipment;

(5) to provide facilities for advanced skill training programs that relate to emerging technologies and skill needs;

(6) with unusual increases in enrollment or with significant internal programmatic enrollment shifts (according to data and criteria established by the Secretary) to construct, reconstruct, or renovate their facilities; or

(7) to preserve significant architecture.

#### (b) Priority on renovation

In the awarding of grants under part A or B of this subchapter, priority shall be given to projects involving the renovation of facilities.

(Pub. L. 89-329, title VII, §701, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1520; amended Pub. L. 100-50, §19(1), June 3, 1987, 101 Stat. 360; Pub. L. 102-325, title VII, §701, July 23, 1992, 106 Stat. 737.)

#### REFERENCES IN TEXT

The Resource Conservation and Recovery Act of 1976, referred to in subsec. (a)(1)(C), is Pub. L. 94-580, Oct. 21, 1976, 90 Stat. 2796, as amended, which is classified generally to chapter 82 (§6901 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title of 1976 Amendment note set out under section 6901 of Title 42 and Tables.

#### PRIOR PROVISIONS

A prior section 1132a, Pub. L. 89-329, title VII, §701, as added Pub. L. 96-374, title VII, §701, Oct. 3, 1980, 94 Stat. 1472, related to purpose of programs of financial assistance to institutions of higher education and to higher education building agencies, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132a, Pub. L. 89-329, title VII, §701, as added Pub. L. 92-318, title I, §161(a), June 23, 1972, 86 Stat. 288; amended Pub. L. 94-482, title I, §§161(a), 162(a)(3), (b), Oct. 12, 1976, 90 Stat. 2156, 2157; Pub. L. 96-49, §8(a), Aug. 13, 1979, 93 Stat. 353, authorized appropriations for a program of grants for the construction, reconstruction, and renovation of undergraduate facilities, prior to the general revision of this subchapter by Pub. L. 96-374.

#### AMENDMENTS

1992—Subsec. (a). Pub. L. 102-325, §701(1), in introductory provisions, inserted a period after “instructional instrumentation and equipment” and substituted “In making such grants, the Secretary shall include assistance to enable institutions” for “if the primary purpose of such assistance is to enable such institutions”.

Subsec. (a)(1)(A) to (D). Pub. L. 102-325, §701(2), added subpar. (A), redesignated subpars. (C) and (D) as (B) and (C), respectively, and struck out former subpars. (A) and (B) which read as follows:

“(A) the Act of August 12, 1968, commonly known as the Architectural Barriers Act of 1968;

“(B) section 794 of title 29;”.

Subsec. (a)(4). Pub. L. 102-325, §701(3), inserted “(including renovation of libraries to promote the use of new technologies and preservation of library materials)”.

1987—Subsec. (b). Pub. L. 100-50 inserted “part A or B of” after “grants under”.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### STUDY OF ENVIRONMENTAL HAZARDS IN INSTITUTIONS OF HIGHER EDUCATION

Section 1409 of Pub. L. 102-325, as amended by Pub. L. 103-208, §2(k)(10), Dec. 20, 1993, 107 Stat. 2486, provided that:

“(a) STUDY AUTHORIZED.—The Secretary of Education, in cooperation with the Administrator of the Environmental Protection Agency, is authorized to conduct a study of the extent to which asbestos, lead in drinking water, or radon gas pose a threat to the health and safety of students and employees of institutions of higher education.

“(b) SURVEY REQUIRED.—Such study shall include a survey of a representative sample of institutions of higher education in order to assess how widespread such hazards are. A sufficient number of institutions shall be sampled and tested in order to provide reasonable estimates on—

“(1) the number of institutions which contain friable asbestos (as defined in section 202 of the Toxic Substances Control Act (15 U.S.C. 2642)) and how many students and employees may be exposed to unsafe levels of asbestos fibers,

“(2) the number of institutions that have rooms which contain more than 4 picocuries/liter of radon, and

“(3) the number of institutions which contain water fountains or faucets or water coolers which discharge water with more than 10 parts per billion of lead.

“(c) CONSULTATION.—In designing and carrying out such study, the Secretary shall consult with associations representing institutions of higher education, faculty, and other employees.

“(d) REPORT ON STUDY.—The Secretary of Education shall submit a report with the results of the assessment, including the information required by subsection (b), along with recommendations by the Secretary regarding what actions, if any, Congress and the Administration should take to ensure that environmental health hazards, if any, are eliminated. The report shall be presented to Congress not later than July 1, 1995.

“(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated \$3,000,000 in fiscal year 1994 for the purposes of carrying out this section.”

#### § 1132a-1. Prior rights and obligations

##### (a) Authorization of appropriations

There are authorized to be appropriated such sums as may be necessary for fiscal year 1993 and for each of the 4 succeeding fiscal years to pay obligations incurred prior to 1987 under parts C and D of this subchapter, as such parts were in effect before the effective date of the Higher Education Act Amendments of 1992.

##### (b) Legal responsibilities

Except as provided in section 1132i-2 of this title, all entities with continuing obligations incurred under parts A, B, C, and D of this subchapter, as such parts were in effect before the effective date of the Higher Education Act Amendments of 1992, shall be subject to the requirements of such part as in effect before the effective date of the Higher Education Act Amendments of 1992.

(Pub. L. 89-329, title VII, §702, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1521; amended Pub. L. 100-50, §19(2), June 3, 1987, 101 Stat. 360; Pub. L. 102-325, title VII, §702, July 23, 1992, 106 Stat. 738.)

## REFERENCES IN TEXT

Parts A, B, C, and D of this subchapter, as such parts were in effect before the effective date of the Higher Education Act Amendments of 1992, referred to in subsecs. (a) and (b), probably means parts A, B, C, and D of this subchapter as in effect prior to the effective date of Pub. L. 102-325, the Higher Education Amendments of 1992. For the effective date of Pub. L. 102-325, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title. Pub. L. 102-325, title VII, §§ 703 to 707(a), July 23, 1992, 106 Stat. 738-753, amended this subchapter by amending parts A to C generally, repealing part D, and redesignating former part E as D.

## PRIOR PROVISIONS

A prior section 1132a-1, Pub. L. 89-329, title VII, § 702, as added Pub. L. 96-374, title VII, § 701, Oct. 3, 1980, 94 Stat. 1472, authorized appropriations for fiscal years 1981 to 1985 to carry out programs for construction, reconstruction, and renovation of academic facilities, prior to the general revision of this subchapter by Pub. L. 99-498.

Prior sections 1132a-1 to 1132a-7 were omitted in the general revision of this subchapter by Pub. L. 96-374.

Section 1132a-1, Pub. L. 89-329, title VII, § 702, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 288; amended Pub. L. 94-482, title I, § 162(a)(3), Oct. 12, 1976, 90 Stat. 2156, provided for allotments of funds to public community colleges and technical institutes.

Section 1132a-2, Pub. L. 89-329, title VII, § 703, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 290; amended Pub. L. 94-482, title I, § 162(a)(3), Oct. 12, 1976, 90 Stat. 2156, related to allotments to institutions of higher education other than public community colleges and public technical institutes.

Section 1132a-3, Pub. L. 89-329, title VII, § 704, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 290; amended Pub. L. 94-482, title I, § 162(a)(3), (c), Oct. 12, 1976, 90 Stat. 2156, 2157, set out the requirements of State plans. See section 1132b of this title.

Section 1132a-4, Pub. L. 89-329, title VII, § 705, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 291; amended Pub. L. 94-482, title I, § 162(a)(3), (4), (d), Oct. 12, 1976, 90 Stat. 2156, 2157, related to the eligibility of institutions for grants.

Section 1132a-5, Pub. L. 89-329, title VII, § 706, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 292; amended Pub. L. 94-482, title I, § 162(a)(3), Oct. 12, 1976, 90 Stat. 2156, related to the basic criteria to be applied to State plans. See section 1132b-1 of this title.

Section 1132a-6, Pub. L. 89-329, title VII, § 707, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 292; amended Pub. L. 94-482, title I, § 162(a)(3), (5), Oct. 12, 1976, 90 Stat. 2156, 2157, related to applications for grants for construction, renovation, and reconstruction of undergraduate facilities.

Section 1132a-7, Pub. L. 89-329, title VII, § 708, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 293, related to the disapproval of State plans and to judicial review.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to prior rights and obligations for former provisions authorizing appropriations for fiscal years 1987 to 1991.

1987—Subsec. (a). Pub. L. 100-50, which directed amendment of subsec. (a) by inserting at end a comma and “or for a preceding fiscal year”, was executed by making the insertion before the period at end, as the probable intent of Congress.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986,

Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

## CONTINUATION OF CHAPTER 21 PROGRAMS

Section 161(b)(1) of Pub. L. 92-318 provided that: “The programs authorized by title VII of the Higher Education Act of 1965 [this subchapter] shall be deemed to be a continuation of the comparable programs authorized by the Higher Education Facilities Act of 1963 [section 701 et seq. of this title].”

## PART A—IMPROVEMENT OF ACADEMIC AND LIBRARY FACILITIES

## PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1132a, 1132c-5, 1132i-1, 1143 of this title.

## § 1132b. Short title

This part may be cited as the “Higher Education Facilities Act of 1992”.

(Pub. L. 89-329, title VII, § 711, as added Pub. L. 102-325, title VII, § 703, July 23, 1992, 106 Stat. 738.)

## PRIOR PROVISIONS

A prior section 1132b, Pub. L. 89-329, title VII, § 711, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1522, related to State plans for construction, reconstruction, and renovation of undergraduate academic facilities, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1132b, Pub. L. 89-329, title VII, § 711, as added Pub. L. 96-374, title VII, § 701, Oct. 3, 1980, 94 Stat. 1473, required submission of State plans, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132b, Pub. L. 89-329, title VII, § 721, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 294; amended Pub. L. 94-482, title I, §§ 161(b), 162(e), Oct. 12, 1976, 90 Stat. 2156, 2157; Pub. L. 96-49, § 8(b), Aug. 13, 1979, 93 Stat. 353, set out Congressional declaration of purpose, grant of authority, and authorization of appropriations for the program of grants for construction, reconstruction, and renovation of graduate academic facilities, prior to the general revision of this subchapter by Pub. L. 96-374.

## EFFECTIVE DATE

Part effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

## § 1132b-1. Findings

The Congress finds that—

(1) over the past 50 years institutions of higher education have expanded dramatically, while at the same time traditional sources of funding facilities maintenance and repair have declined and even disappeared in some instances;

(2) in order to meet the rising cost of educating students, resulting mainly from inflation and the higher costs of research, many colleges and universities made the choice to defer renovations and improvements;

(3) overall, the need for capital investment by institutions of higher education has been estimated to exceed \$60,000,000,000;

(4) the deterioration of facilities has caused valuable research experiments and programs to be postponed, delayed or canceled; and

(5) the United States' competitive position within the world economy is vulnerable if the

necessary research facilities are not available to provide advanced training in the fields of science and technology.

(Pub. L. 89-329, title VII, §712, as added Pub. L. 102-325, title VII, §703, July 23, 1992, 106 Stat. 738.)

#### PRIOR PROVISIONS

A prior section 1132b-1, Pub. L. 89-329, title VII, §712, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1522, related to basic criteria for consideration of State plans, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1132b-1, Pub. L. 89-329, title VII, §712, as added Pub. L. 96-374, title VII, §701, Oct. 3, 1980, 94 Stat. 1473, related to basic criteria for consideration of State plans, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132b-1, Pub. L. 89-329, title VII, §722, as added Pub. L. 92-318, title I, §161(a), June 23, 1972, 86 Stat. 294, related to authority to make grants to eligible institutions, prior to the general revision of this subchapter by Pub. L. 96-374.

### § 1132b-2. Distribution of assistance

#### (a) Competitive or formula distribution

##### (1) Competitive grants

If the amount appropriated pursuant to section 1132b-5 of this title for a fiscal year is less than \$50,000,000, then the Secretary shall award grants under this part on a competitive basis in accordance with subsection (h) of this section to institutions of higher education to carry out the activities described in section 1132b-3 of this title.

##### (2) Allotment formula

###### (A) Formula

If the amount appropriated pursuant to section 1132b-5 of this title for a fiscal year is equal to or greater than \$50,000,000, then the Secretary shall allot to each State higher education agency with an approved application—

(i) 50 percent of such funds on the basis of the population of the State compared to the population of all States; and

(ii) 50 percent of such funds on the basis of the number of students attending institutions of higher education within the State compared to the number of students attending institutions of higher education in all States.

###### (B) Use of formula grants

Each State higher education agency receiving an allotment pursuant to subparagraph (A), shall use such allotment to award grants, on a competitive basis, to institutions of higher education within the State to enable such institutions to carry out the activities described in section 1132b-3 of this title.

###### (C) Reallotment

Except as provided in subsection (f) of this section, any amount that the Secretary determines will not be available to a State higher education agency because such agency elects not to participate in the program assisted under this part shall be reallotted to other States in the same manner as the original allotments were made.

#### (b) Matching requirements

##### (1) State matching requirement

###### (A) In general

In order to receive an allotment under subsection (a)(2)(A) of this section, each State higher education agency shall provide matching funds equal to 25 percent of the amount of any allotment received pursuant to such subsection. The Secretary may waive the requirements of the preceding sentence if the State can demonstrate to the satisfaction of the Secretary that such matching requirement would present a severe financial hardship to the State.

###### (B) Cash requirement

Each State higher education agency receiving funds under this part shall only provide matching funds pursuant to paragraph (1) in cash.

##### (2) Institutional matching requirement

In order to receive a grant under subsection (a)(1) or (a)(2)(B) of this section, each eligible institution shall provide matching funds equal to 50 percent of the amount of any grant received pursuant to such subsection. Such matching funds may be provided by the State higher education agency or the institution of higher education.

#### (c) Priority

In awarding grants pursuant to subsection (a) of this section, the Secretary or each State higher education agency shall give priority to institutions of higher education that serve large numbers or percentages of minority or disadvantaged students.

#### (d) Equitable participation

In awarding grants pursuant to subsection (a) of this section, the Secretary or each State higher education agency shall ensure the equitable participation of both public and private eligible institutions within the State.

#### (e) Special rule

If the Secretary determines that any eligible institution within a State has received, within the 2 preceding fiscal years, a direct, non-competitive award of Federal funds for facilities construction, renovation, improvement or repair, then the eligible institution shall be ineligible to receive assistance under this part.

#### (f) Use for maintenance

An amount less than or equal to 10 percent of that portion of funds awarded under this part which is allotted by the recipient to meet costs of—

(1) research and instructional instrumentation and equipment; and

(2) equipment and structural changes necessary to ensure the proper functioning of such research or instructional instrumentation and equipment;

may be allocated by the recipient for maintenance of equipment and changes described in paragraphs (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within 3 years of the date of initial use, if the

recipient deems such upgrading essential to the continued usefulness of such research or instructional instrumentation and equipment.

**(g) Supplementation**

Grants awarded pursuant to subsection (a) of this section shall be used to supplement and not supplant other Federal, State, and local funds available for improvement of academic and library facilities.

**(h) Peer review required**

In making grants under subsection (a)(1) of this section, the Secretary shall utilize a national peer review panel. The panel shall be broadly representative of all types and classes of institutions of higher education in the United States.

(Pub. L. 89-329, title VII, §713, as added Pub. L. 102-325, title VII, §703, July 23, 1992, 106 Stat. 738.)

**PRIOR PROVISIONS**

A prior section 1132b-2, Pub. L. 89-329, title VII, §713, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1522, related to allotment of funds, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1132b-2, Pub. L. 89-329, title VII, §713, as added Pub. L. 96-374, title VII, §701, Oct. 3, 1980, 94 Stat. 1473, related to allotment of appropriations among States, prior to the general revision of this subchapter by Pub. L. 99-498.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1132b-4 of this title.

**§ 1132b-3. Use of funds**

Institutions of higher education shall use funds awarded under this part for any one or more of the following activities:

- (1) The improvement, renovation, and repair of academic facilities.
- (2) The improvement and renovation of library facilities.
- (3) The improvement and renovation of broadcast, cable, and satellite interconnection equipment for use in postsecondary educational television and radio programming, including interactive technology and communications.
- (4) The construction of academic and library facilities if the State determines such construction necessary.

(Pub. L. 89-329, title VII, §714, as added Pub. L. 102-325, title VII, §703, July 23, 1992, 106 Stat. 740; amended Pub. L. 103-208, §2(j)(14), Dec. 20, 1993, 107 Stat. 2481.)

**AMENDMENTS**

1993—Pub. L. 103-208 struck out subsec. (a) designation and heading.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1132b-2 of this title.

**§ 1132b-4. Application**

**(a) State higher education agency**

**(1) Application**

Each State higher education agency desiring an allotment pursuant to section 1132b-2(a)(2)(A) of this title shall submit an application to the Secretary at such time, in such manner and accompanied by such information as the Secretary may reasonably require.

**(2) Contents**

Each application described in paragraph (1) shall—

- (A) describe the activities and services for which assistance is sought;
- (B) contain assurances that the State higher education agency will comply with the matching requirement described in section 1132b-2(b)(1) of this title;
- (C) contain a description and the amount of any direct, noncompetitive appropriation of funds for facilities construction, renovation, improvement or repair which the State provides to any institution of higher education within the State; and
- (D) contain such other assurances as the Secretary determines necessary to ensure compliance with the provisions of this part.

**(b) Institutions of higher education**

**(1) Application**

Each institution of higher education desiring a grant pursuant to section 1132b-2(a)(1) or 1132b-2(a)(2)(B) of this title shall submit an application to the Secretary or the State higher education agency, as appropriate, at such time, in such manner and accompanied by such information as the Secretary or such agency may reasonably require.

**(2) Contents**

Each application described in paragraph (1) shall—

- (A) describe the activities and services for which assistance is sought;
- (B) contain assurances that the eligible institution will comply with the matching requirement described in section 1132b-2(b)(2) of this title; and
- (C) contain such other assurances as the Secretary or State higher education agency determines necessary to ensure compliance with the provisions of this part.

(Pub. L. 89-329, title VII, §715, as added Pub. L. 102-325, title VII, §703, July 23, 1992, 106 Stat. 740; amended Pub. L. 103-208, §2(j)(15), Dec. 20, 1993, 107 Stat. 2481.)

**AMENDMENTS**

1993—Subsec. (b). Pub. L. 103-208 struck out par. (1) designation and heading, redesignated former par. (1)(A) as par. (1) and realigned margin, and redesignated former par. (1)(B) as par. (2), realigned margin, and redesignated cls. (i) to (iii) as subpars. (A) to (C), respectively.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of

Pub. L. 103-208, set out as a note under section 1003 of this title.

#### § 1132b-5. Authorization of appropriations

There are authorized to be appropriated \$350,000,000 for fiscal year 1993 and each of the 4 succeeding fiscal years to carry out the provisions of this part.

(Pub. L. 89-329, title VII, § 716, as added Pub. L. 102-325, title VII, § 703, July 23, 1992, 106 Stat. 741.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1132b-2 of this title.

#### PART B—HISTORICALLY BLACK COLLEGE AND UNIVERSITY CAPITAL FINANCING

#### PART REFERRED TO IN OTHER SECTIONS

This part is referred to in sections 1132a, 1132i-1 of this title.

#### § 1132c. Findings

The Congress finds that—

(1) a significant part of the Federal mission in education has been to attain equal opportunity in higher education for low-income, educationally disadvantaged Americans and African Americans;

(2) the Nation's historically Black colleges and universities have played a prominent role in American history and have an unparalleled record of fostering the development of African American youth by recognizing their potential, enhancing their academic and technical skills, and honing their social and political skills through higher education;

(3) the academic and residential facilities on the campuses of all historically Black colleges and universities have suffered from neglect, deferred maintenance and are in need of capital improvements in order to provide appropriate settings for learning and social development through higher education;

(4) due to their small enrollments, limited endowments and other financial factors normally considered by lenders in construction financing, historically Black colleges and universities often lack access to the sources of funding necessary to undertake the necessary capital improvements through borrowing and bond financing;

(5) despite their track record of long-standing and remarkable institutional longevity and viability, historically Black colleges and universities often lack the financial resources necessary to gain access to traditional sources of capital financing such as bank loans and bond financing; and

(6) Federal assistance to facilitate low-cost capital basis for historically Black colleges and universities will enable such colleges and universities to continue and expand their educational mission and enhance their significant role in American higher education.

(Pub. L. 89-329, title VII, § 721, as added Pub. L. 102-325, title VII, § 704, July 23, 1992, 106 Stat. 741.)

#### PRIOR PROVISIONS

A prior section 1132c, Pub. L. 89-329, title VII, § 721, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100

Stat. 1524, related to grants for construction, reconstruction, and renovation of graduate academic facilities, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1132c, Pub. L. 89-329, title VII, § 721, as added Pub. L. 96-374, title VII, § 701, Oct. 3, 1980, 94 Stat. 1475, authorized grants to graduate institutions of higher education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132c, Pub. L. 89-329, title VII, § 741, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 295; amended Pub. L. 94-482, title I, §§ 161(c), 162(a)(3), Oct. 12, 1976, 90 Stat. 2156; Pub. L. 96-49, § 8(c)(1), Aug. 13, 1979, 93 Stat. 353, set out grant of authority and authorization of appropriations for program of loans for construction, reconstruction, and renovation of academic facilities, prior to the general revision of this subchapter by Pub. L. 96-374.

#### EFFECTIVE DATE

Part effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### § 1132c-1. Definitions

For the purposes of this part:

(1) The term “eligible institution” means a “part B institution” as that term is defined in section 1061(2) of this title.

(2) The term “loan” means a loan made to an eligible institution under the provisions of this part and pursuant to an agreement with the Secretary.

(3) The term “qualified bond” means any obligation issued by the designated bonding authority at the direction of the Secretary, the net proceeds of which are loaned to an eligible institution for the purposes described in section 1132c-2(b) of this title.

(4) The term “funding” means any payment under this part from the Secretary to the eligible institution or its assignee in fulfillment of the insurance obligations of the Secretary pursuant to an agreement under section 1132c-2 of this title.

(5) The term “capital project” means, subject to section 1132c-3(b) of this title the repair, renovation, or, in exceptional circumstances, the construction or acquisition, of—

(A) any classroom facility, library, laboratory facility, dormitory (including dining facilities) or other facility customarily used by colleges and universities for instructional or research purposes or for housing students, faculty, and staff;

(B) instructional equipment, research instrumentation, and any capital equipment or fixture related to facilities described in subparagraph (A);

(C) any other facility, equipment or fixture which is essential to the maintaining of accreditation of the member institution by a nationally recognized accrediting agency or association; and

(D) any real property or interest therein underlying facilities described in subparagraph (A) or (C).

(6) The term “interest” includes accredited value or any other payment constituting interest on an obligation.

(7) The term “outstanding”, when used with respect to bonds, shall not include bonds the payment of which shall have been provided for



by the irrevocable deposit in trust of obligations maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make payments on such bonds.

(8) The term “designated bonding authority” means the private, for-profit corporation selected by the Secretary pursuant to section 1132c-4(1) of this title for the purpose of issuing taxable construction bonds in furtherance of the purposes of this part.

(9) The term “Advisory Board” means the Advisory Board established by section 1132c-6 of this title.

(Pub. L. 89-329, title VII, §722, as added Pub. L. 102-325, title VII, §704, July 23, 1992, 106 Stat. 742.)

#### PRIOR PROVISIONS

A prior section 1132c-1, Pub. L. 89-329, title VII, §742, as added Pub. L. 92-318, title I, §161(a), June 23, 1972, 86 Stat. 295; amended Pub. L. 94-482, title I, §162(a)(3), (6), Oct. 12, 1976, 90 Stat. 2156, 2157, related to eligibility, conditions, amounts, and terms of loans for construction, reconstruction, and renovation of academic facilities, prior to the general revision of this subchapter by Pub. L. 96-374.

### § 1132c-2. Federal insurance for bonds

#### (a) General rule

Subject to the limitations in section 1132c-3 of this title, the Secretary is authorized to enter into insurance agreements to provide financial insurance to guarantee the full payment of principal and interest on qualified bonds upon the conditions set forth in subsections (b), (c) and (d) of this section.

#### (b) Responsibilities of designated bonding authority

The Secretary may not enter into an insurance agreement described in subsection (a) of this section unless the Secretary designates a qualified bonding authority in accordance with sections 1132c-4(1) and 1132c-5 of this title and the designated bonding authority agrees in such agreement to—

(1) use the proceeds of the qualified bonds, less costs of issuance not to exceed 2 percent of the principal amount thereof, to make loans to eligible institutions or for deposit into an escrow account for repayment of the bonds;

(2) provide in each loan agreement with respect to a loan that not less than 95 percent of the proceeds of the loan will be used—

(A) to finance the repair, renovation, and, in exceptional cases, construction or acquisition, of a capital project; or

(B) to refinance an obligation the proceeds of which were used to finance the repair, renovation, and, in exceptional cases, construction or acquisition, of a capital project;

(3)(A) charge such interest on loans, and provide for such a schedule of repayments of loans, as will, upon the timely repayment of the loans, provide adequate and timely funds for the payment of principal and interest on the bonds; and

(B) require that any payment on a loan expected to be necessary to make a payment of principal and interest on the bonds be due not

less than 60 days prior to the date of the payment on the bonds for which such loan payment is expected to be needed;

(4) prior to the making of any loan, provide for a credit review of the institution receiving the loan and assure the Secretary that, on the basis of such credit review, it is reasonable to anticipate that the institution receiving the loan will be able to repay the loan in a timely manner pursuant to the terms thereof;

(5) provide in each loan agreement with respect to a loan that, if a delinquency on such loan results in a funding under the insurance agreement, the institution obligated on such loan shall repay the Secretary, upon terms to be determined by the Secretary, for such funding;

(6) assign any loans to the Secretary, upon the demand of the Secretary, if a delinquency on such loan has required a funding under the insurance agreement;

(7) in the event of a delinquency on a loan, engage in such collection efforts as the Secretary shall require for a period of not less than 45 days prior to requesting a funding under the insurance agreement;

(8) establish an escrow account—

(A) into which each eligible institution shall deposit 10 percent of the proceeds of any loan made under this part, with each eligible institution required to maintain in the escrow account an amount equal to 10 percent of the outstanding principal of all loans made to such institution under this part; and

(B) the balance of which—

(i) shall be available to the Secretary to pay principal and interest on the bonds in the event of delinquency in loan repayment; and

(ii) shall be used to return to an eligible institution an amount equal to any remaining portion of such institution's 10 percent deposit of loan proceeds following scheduled repayment of such institution's loan;

(9) provide in each loan agreement with respect to a loan that, if a delinquency on such loan results in amounts being withdrawn from the escrow account to pay principal and interest on bonds, subsequent payments on such loan shall be available to replenish such escrow account;

(10) comply with the limitations set forth in section 1132c-3 of this title; and

(11) make loans only to eligible institutions under this part in accordance with conditions prescribed by the Secretary to ensure that loans are fairly allocated among as many eligible institutions as possible, consistent with making loans of amounts that will permit capital projects of sufficient size and scope to significantly contribute to the educational program of the eligible institutions.

#### (c) Additional agreement provisions

Any insurance agreement described in subsection (a) of this section shall provide as follows:

(1) The payment of principal and interest on bonds shall be insured by the Secretary until

such time as such bonds have been retired or canceled.

(2) The Federal liability for delinquencies and default for bonds guaranteed under this part shall only become effective upon the exhaustion of all the funds held in the escrow account described in subsection (b)(8) of this section.

(3) The Secretary shall create a letter of credit authorizing the Department of the Treasury to disburse funds to the designated bonding authority or its assignee.

(4) The letter of credit shall be drawn upon in the amount determined by paragraph (5) of this subsection upon the certification of the designated bonding authority to the Secretary or the Secretary's designee that there is a delinquency on 1 or more loans and there are insufficient funds available from loan repayments and the escrow account to make a scheduled payment of principal and interest on the bonds.

(5) Upon receipt by the Secretary or the Secretary's designee of the certification described in paragraph (4) of this subsection, the designated bonding authority may draw a funding under the letter of credit in an amount equal to—

(A) the amount required to make the next scheduled payment of principal and interest on the bonds, less

(B) the amount available to the designated bonding authority from loan repayments and the escrow account.

(6) All funds provided under the letter of credit shall be paid to the designated bonding authority within 2 business days following receipt of the certification described in paragraph (4).

#### **(d) Full faith and credit provisions**

Subject to subsection (c)(1) of this section the full faith and credit of the United States is pledged to the payment of all funds which may be required to be paid under the provisions of this section.

(Pub. L. 89-329, title VII, § 723, as added Pub. L. 102-325, title VII, § 704, July 23, 1992, 106 Stat. 743; amended Pub. L. 103-382, title III, § 360C, Oct. 20, 1994, 108 Stat. 3972.)

#### **PRIOR PROVISIONS**

A prior section 1132c-2, Pub. L. 89-329, title VII, § 743, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 296; amended Pub. L. 94-482, title I, § 162(f), Oct. 12, 1976, 90 Stat. 2157, contained general provisions covering programs of loans for construction, reconstruction, and renovation of academic facilities, prior to the general revision of this subchapter by Pub. L. 96-374.

#### **AMENDMENTS**

1994—Subsec. (b)(8)(A). Pub. L. 103-382, § 360C(1)(A), inserted before semicolon “, with each eligible institution required to maintain in the escrow account an amount equal to 10 percent of the outstanding principal of all loans made to such institution under this part”.

Subsec. (b)(8)(B)(ii). Pub. L. 103-382, § 360C(1)(B), amended cl. (ii) generally. Prior to amendment, cl. (ii) read as follows: “when all bonds under this part are retired or canceled, shall be divided among the eligible institutions making deposits into such account on the basis of the amount of each such institution's deposit;”.

Subsec. (b)(11). Pub. L. 103-382, § 360C(2), substituted “conditions” for “regulations”.

#### **SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1132c-1, 1132c-4 of this title.

### **§ 1132c-3. Limitations on Federal insurance for bonds issued by designated bonding authority**

#### **(a) Limit on amount**

At no time shall the aggregate principal amount of outstanding bonds insured under this part together with any accrued unpaid interest thereon exceed \$375,000,000, of which—

(1) not more than \$250,000,000 shall be used for loans to eligible institutions that are private historically Black colleges and universities; and

(2) not more than \$125,000,000 shall be used for loans to eligible institutions which are historically Black public colleges and universities.

For purposes of paragraphs (1) and (2), Lincoln University of Pennsylvania is an historically Black public institution. No institution of higher education that has received assistance under section 123 of this title shall be eligible to receive assistance under this part.

#### **(b) Limitation on credit authority**

The authority of the Secretary to issue letters of credit and insurance under this part is effective only to the extent provided in advance by appropriations Acts.

#### **(c) Religious activity prohibition**

No loan may be made under this part for any educational program, activity or service related to sectarian instruction or religious worship or provided by a school or department of divinity or to an institution in which a substantial portion of its functions is subsumed in a religious mission.

#### **(d) Discrimination prohibition**

No loan may be made to an institution under this part if the institution discriminates on account of race, color, religion, national origin, sex (to the extent provided in title IX of the Education Amendments of 1972 [20 U.S.C. 1681 et seq.]), or disabling condition; except that the prohibition with respect to religion shall not apply to an institution which is controlled by or which is closely identified with the tenets of a particular religious organization if the application of this section would not be consistent with the religious tenets of such organization.

(Pub. L. 89-329, title VII, § 724, as added Pub. L. 102-325, title VII, § 704, July 23, 1992, 106 Stat. 745.)

#### **REFERENCES IN TEXT**

The Education Amendments of 1972, referred to in subsec. (d), is Pub. L. 92-318, June 23, 1972, 86 Stat. 235, as amended. Title IX of the Act is classified principally to chapter 38 (§ 1681 et seq.) of this title. For complete classification of this Act to the Code, see Short Title of 1972 Amendment note set out under section 1001 of this title and Tables.

#### **PRIOR PROVISIONS**

A prior section 1132c-3, Pub. L. 89-329, title VII, § 744, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86

Stat. 296, provided for creation of Revolving Loan Fund and Insurance Fund, prior to the general revision of this subchapter by Pub. L. 96-374.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1132c-1, 1132c-2 of this title.

### § 1132c-4. Authority of Secretary

In the performance of, and with respect to, the functions vested in the Secretary by this part, the Secretary—

(1) shall, within 120 days of July 23, 1992, publish in the Federal Register a notice and request for proposals for any private for-profit organization or entity wishing to serve as the designated bonding authority under this part, which notice shall—

(A) specify the time and manner for submission of proposals; and

(B) specify any information, qualifications, criteria, or standards the Secretary determines to be necessary to evaluate the financial capacity and administrative capability of any applicant to carry out the responsibilities of the designated bonding authority under this part;

(2) shall require that the first loans for capital projects authorized under section 1132c-2 of this title be made no later than March 31, 1994;

(3) may sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this part without regard to the amount in controversy, and any action instituted under this section by or against the Secretary shall survive notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office;

(4)(A) may foreclose on any property and bid for and purchase at any foreclosure, or any other sale, any property in connection with which the Secretary has been assigned a loan pursuant to this part; and

(B) in the event of such an acquisition, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property, except that—

(i) such action shall not preclude any other action by the Secretary to recover any deficiency in the amount of a loan assigned to the Secretary; and

(ii) any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

(5) may sell, exchange, or lease real or personal property and securities or obligations; and

(6) may include in any contract such other covenants, conditions, or provisions necessary

to ensure that the purposes of this part will be achieved.

(Pub. L. 89-329, title VII, § 725, as added Pub. L. 102-325, title VII, § 704, July 23, 1992, 106 Stat. 745; amended Pub. L. 103-208, § 2(j)(16), Dec. 20, 1993, 107 Stat. 2481.)

#### PRIOR PROVISIONS

A prior section 1132c-4, Pub. L. 89-329, title VII, § 745, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 297; amended Pub. L. 94-482, title I, §§ 161(d), 162(a)(3), (g), Oct. 12, 1976, 90 Stat. 2156, 2157; Pub. L. 95-43, § 1(b)(6), June 15, 1977, 91 Stat. 218; Pub. L. 96-49, § 8(c)(2), Aug. 13, 1979, 93 Stat. 353, related to annual interest grants, prior to the general revision of this subchapter by Pub. L. 96-374.

#### AMENDMENTS

1993—Pars. (2) to (6). Pub. L. 103-208 added par. (2) and redesignated former pars. (2) to (5) as (3) to (6), respectively.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1132c-1, 1132c-2, 1132c-7 of this title.

### § 1132c-5. Prohibition

No institution that receives a loan under this part shall also receive a grant under part A of this subchapter.

(Pub. L. 89-329, title VII, § 726, as added Pub. L. 102-325, title VII, § 704, July 23, 1992, 106 Stat. 746; amended Pub. L. 103-208, § 2(j)(17), Dec. 20, 1993, 107 Stat. 2481.)

#### PRIOR PROVISIONS

A prior section 1132c-5, Pub. L. 89-329, title VII, § 746, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 298; amended Pub. L. 94-482, title I, § 162(a)(3), Oct. 12, 1976, 90 Stat. 2156, related to academic facilities loan insurance, prior to the general revision of this subchapter by Pub. L. 96-374.

#### AMENDMENTS

1993—Pub. L. 103-208 struck out before period at end “or a loan under part D of this subchapter”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1132c-2 of this title.

### § 1132c-6. HBCU Capital Financing Advisory Board

#### (a) Establishment and purpose

There is established within the Department of Education, the Historically Black College and Universities Capital Financing Advisory Board (hereinafter in this part referred to as the “Advisory Board”) which shall provide advice and

counsel to the Secretary and the designated bonding authority as to the most effective and efficient means of implementing construction financing on African American college campuses, and advise the Congress of the United States regarding the progress made in implementing this part. The Advisory Board shall meet with the Secretary at least twice each year to advise him as to the capital needs of historically Black colleges and universities, how those needs can be met through the program authorized by this part, and what additional steps might be taken to improve the operation and implementation of the construction financing program.

**(b) Board membership**

**(1) Composition**

The Advisory Board shall be appointed by the Secretary and shall be composed of 9 members as follows:

(A) The Secretary or the Secretary's designee.

(B) Three members who are presidents of private historically Black colleges or universities.

(C) Two members who are presidents of public historically Black colleges or universities.

(D) The president of the United Negro College Fund, Inc.

(E) The president of the National Association for Equal Opportunity in Higher Education.

(F) The executive director of the White House Initiative on historically Black colleges and universities.

**(2) Terms**

The term of office of each member appointed under paragraphs (1)(B) and (1)(C) shall be 3 years, except that—

(A) of the members first appointed pursuant to paragraphs (1)(B) and (1)(C), 2 shall be appointed for terms of 1 year, and 3 shall be appointed for terms of 2 years;

(B) members appointed to fill a vacancy occurring before the expiration of a term of a member shall be appointed to serve the remainder of that term; and

(C) a member may continue to serve after the expiration of a term until a successor is appointed.

**(c) Authorization of appropriations**

There are authorized to be appropriated \$50,000 for fiscal year 1993 and each of the 4 succeeding fiscal years to carry out this section.

(Pub. L. 89-329, title VII, §727, as added Pub. L. 102-325, title VII, §704, July 23, 1992, 106 Stat. 746.)

**TERMINATION OF ADVISORY BOARDS**

Advisory boards established after Jan. 5, 1973, to terminate not later than the expiration of the 2-year period beginning on the date of their establishment, unless, in the case of a board established by the President or an officer of the Federal Government, such board is renewed by appropriate action prior to the expiration of such 2-year period, or in the case of a board established by Congress, its duration is otherwise provided by law. See sections 3(2) and 14 of Pub. L. 92-463, Oct. 6, 1972, 86 Stat. 770, 776, set out in the Appendix to Title 5, Government Organization and Employees.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1132c-1 of this title.

**§ 1132c-7. Minority business enterprise utilization**

In the performance of and with respect to the Secretary's effectuation of his responsibilities under section 1132c-4(1) of this title and to the maximum extent feasible in the implementation of the purposes of this part, minority business persons, including bond underwriters and credit enhancers, bond counsel, marketers, accountants, advisors, construction contractors, and managers should be utilized.

(Pub. L. 89-329, title VII, §728, as added Pub. L. 102-325, title VII, §704, July 23, 1992, 106 Stat. 747.)

**PART C—LOANS FOR CONSTRUCTION, RECONSTRUCTION AND RENOVATION OF ACADEMIC, HOUSING, AND OTHER EDUCATIONAL FACILITIES**

**PART REFERRED TO IN OTHER SECTIONS**

This part is referred to in section 1132i-1 of this title.

**§ 1132d. Federal assistance in form of loans**

**(a) Authority and conditions for loans**

To assist institutions of higher education and higher education building agencies in the construction, reconstruction, or renovation of housing, undergraduate and graduate academic facilities, and other educational facilities for students and faculty, the Secretary may make loans of funds to such institutions for the construction, reconstruction, or renovation of such facilities. No such assistance shall be provided unless—

(1) the educational institution involved is unable to secure the necessary funds for the construction or purchase from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this subchapter; and

(2) the Secretary finds that any such construction will be undertaken in an economical manner, and that any such facilities are not or will not be of elaborate or extravagant design or materials.

**(b) Amount and conditions of loans**

A loan to institutions of higher education or higher education building agency—

(1) may be in an amount not exceeding the total development cost of the facility, as determined by the Secretary;

(2) shall be secured in such manner and be repaid within such period, not exceeding 50 years, as may be determined by the Secretary; and

(3) shall bear interest at a rate determined by the Secretary which shall be not more than the lower of (A) 5.5 percent per annum, or (B) the total of one-quarter of 1 percent per annum added to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury.

**(c) Use of loans for previously made contracts**

Any institution of higher education or higher education building agency which, prior to Octo-

ber 17, 1986, had contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this part, as the Secretary may determine. No such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to such date, or completed prior to the filing of an application under this part.

**(d) Matching requirement**

The Secretary shall not make a loan under this part unless the institution of higher education or higher education building agency receiving such loan provides from non-Federal sources at least 20 percent of the development cost of the project for which the loan is made.

(Pub. L. 89-329, title VII, § 731, as added Pub. L. 102-325, title VII, § 705, July 23, 1992, 106 Stat. 747; amended Pub. L. 103-208, § 2(j)(18), (19), Dec. 20, 1993, 107 Stat. 2481.)

**PRIOR PROVISIONS**

A prior section 1132d, Pub. L. 89-329, title VII, § 731, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1525; amended Pub. L. 100-50, § 19(3), June 3, 1987, 101 Stat. 360, related to eligibility conditions, amounts, and terms of loans for construction, reconstruction, and renovation of academic facilities, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1132d, Pub. L. 89-329, title VII, § 731, as added Pub. L. 96-374, title VII, § 701, Oct. 3, 1980, 94 Stat. 1475, related to eligibility conditions, amounts, and terms of loans for construction, reconstruction, and renovation of academic facilities, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132d, Pub. L. 89-329, title VII, § 761, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 299, authorized appropriations for the program of assistance to major disaster areas, prior to the general revision of this subchapter by Pub. L. 96-374.

**AMENDMENTS**

1993—Subsec. (a). Pub. L. 103-208, § 2(j)(18), substituted “faculty” for “faculties” in introductory provisions.

Subsec. (c). Pub. L. 103-208, § 2(j)(19), struck out “enactment of” before “such date”.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**EFFECTIVE DATE**

Part effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1132d-3 of this title.

**§ 1132d-1. General provisions**

**(a) Budget and accounting**

In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary, notwithstanding the provisions of any other law, shall—

- (1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31; and
- (2) maintain a set of accounts which shall be audited by the Comptroller General in accord-

ance with the provisions of chapter 35 of title 31, but such financial transactions of the Secretary, as the making of loans and vouchers approved by the Secretary, in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

**(b) Use of funds**

Funds made available to the Secretary pursuant to the provisions of this part shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Secretary in connection with the performance of functions under this part, and all funds available for carrying out the functions of the Secretary under this part (including appropriations therefor, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Secretary in connection with the performance of such functions.

**(c) Legal powers**

In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary, notwithstanding the provisions of any other law, may—

- (1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

- (2) sue and be sued;

- (3) foreclose on any property or commence any action to protect or enforce any right conferred upon the Secretary by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which the Secretary has made a loan pursuant to this part;

- (4) in the event of any such acquisition, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease, and otherwise deal with, such property, but any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

- (5) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as the Secretary may fix;

- (6) obtain insurance against loss in connection with property and other assets held;

- (7) subject to the specific limitations in this part, consent to the modification, with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which the Secretary is a party or which has been transferred to the Secretary pursuant to this part, granting to a borrower of a loan made before October 1, 1992, the option of repaying the loan at a discount computed in accordance with subsection (d) of this section if the repayment is (A) made from non-Federal sources, (B) not derived from proceeds of obligations the income of which is exempt

from taxation under title 26, and (C) made on a loan that has been outstanding for at least 5 years; and

(8) include in any contract or instrument made pursuant to this part such other covenants, conditions, or provisions as may be necessary to assure that the purposes of this part will be achieved.

**(d) Computation of allowable discounts**

The Secretary shall compute the discount which may be offered to a borrower as an inducement to early repayment under subsection (c)(7) of this section in an amount determined by the Secretary to be in the best financial interests of the Government, taking into account the yield on outstanding marketable obligations of the United States having maturities comparable to the remaining term of such loan.

**(e) Nondiscrimination between borrowers in offering discounted prepayment**

**(1) General rule**

If the Secretary offers a discount as an inducement to early repayment under subsection (c)(7) of this section, such offer shall be available without regard to whether the borrower is delinquent or in default on the loan on or before October 1, 1992, but the Secretary shall refuse to make such offer to a borrower that becomes delinquent or goes into default after that date.

**(2) Applicability**

The discount offered shall apply, in the case of a borrower that complies with paragraph (1), to the entire amount outstanding on the loan (including any amount owed with respect to payments that are overdue).

**(f) Contracts for supplies or services**

Section 5 of title 41 shall not apply to any contract for services or supplies on account of any property acquired pursuant to this part if the amount of such contract does not exceed \$1,000.

**(g) Applicability of Government Corporation Control Act**

The provisions of section 9107(a) of title 31, which are applicable to corporations or agencies subject to chapter 91 of such title, shall also be applicable to the activities of the Secretary under this part.

**(h) Wage rates**

The Secretary shall take such action as may be necessary to ensure that all laborers and mechanics employed by contractors or subcontractors on any project assisted under this part—

(1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act) [40 U.S.C. 276a et seq.], as amended; and

(2) shall be employed not more than 40 hours in any one week unless the employee receives wages for the employee's employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which the employee is employed,

but the Secretary may waive the application of this subsection in cases or classes of cases where

laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

**(i) Limitation**

No loan may be made under this part for any facility on the campus of any postsecondary educational institution until 5 years after the date on which a previous loan for another facility on such campus was made under this part, unless the loan is intended to be used to construct or reconstruct a facility damaged as a result of a national disaster, as declared by the President.

(Pub. L. 89-329, title VII, §732, as added Pub. L. 102-325, title VII, §705, July 23, 1992, 106 Stat. 748.)

REFERENCES IN TEXT

The Act of March 3, 1931 (Davis-Bacon Act), referred to in subsec. (h)(1), is act Mar. 3, 1931, ch. 411, 46 Stat. 1494, as amended, which is classified generally to sections 276a to 276a-5 of Title 40, Public Buildings, Property, and Works. For complete classification of this Act to the Code, see Short Title note set out under section 276a of Title 40 and Tables.

PRIOR PROVISIONS

A prior section 1132d-1, Pub. L. 89-329, title VII, §732, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1526; amended Pub. L. 100-369, §7(c), July 18, 1988, 102 Stat. 837, set out general provisions for loan program, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1132d-1, Pub. L. 89-329, title VII, §732, as added Pub. L. 96-374, title VII, §701, Oct. 3, 1980, 94 Stat. 1475, set out general provisions for program of loans for construction, reconstruction, and renovation of academic facilities, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132d-1, Pub. L. 89-329, title VII, §762, as added Pub. L. 92-318, title I, §161(a), June 23, 1972, 86 Stat. 299; amended Pub. L. 94-482, title I, §§161(e), 162(h), Oct. 12, 1979, 90 Stat. 2156, 2157, provided for disaster assistance for replacement or restoration of academic facilities, prior to the general revision of this subchapter by Pub. L. 96-374.

**§ 1132d-2. Apportionment**

**(a) Limitation**

Not more than 12.5 percent of the amount of the funds provided for in this part in the form of loans shall be made available to educational institutions within any one State.

**(b) Priorities**

In awarding loans under this part, the Secretary shall give priority—

(1) to loans for renovation or reconstruction of undergraduate and graduate academic facilities; and

(2) to loans for renovation or reconstruction of older undergraduate and graduate academic facilities that have gone without major renovation or reconstruction for an extended period.

(Pub. L. 89-329, title VII, §733, as added Pub. L. 102-325, title VII, §705, July 23, 1992, 106 Stat. 750.)

## PRIOR PROVISIONS

A prior section 1132d-2, Pub. L. 89-329, title VII, § 733, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1527; amended Pub. L. 100-50, § 19(4), June 3, 1987, 101 Stat. 360, related to revolving loan fund, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1132d-2, Pub. L. 89-329, title VII, § 733, as added Pub. L. 96-374, title VII, § 701, Oct. 3, 1980, 94 Stat. 1476, related to revolving loan and insurance fund, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132d-2, Pub. L. 89-329, title VII, § 763, as added Pub. L. 92-318, title I, § 161(a), June 23, 1972, 86 Stat. 300, related to grants for the purchase of equipment and supplies, prior to the general revision of this subchapter by Pub. L. 96-374.

**§ 1132d-3. Definitions**

For the purpose of this part:

**(a) Housing**

The term “housing” means—

(1) new or existing structures suitable for dwelling use, including single-room dormitories and apartments; and

(2) dwelling facilities provided for rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for the proposed dwelling use.

**(b) Educational institution**

The term “institution of higher education or higher education building agency” means—

(1)(A) any educational institution which offers, or provides satisfactory assurance to the Secretary that it will offer within a reasonable time after completion of a facility for which assistance is requested under this part, at least a 2-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual); or

(B) any public educational institution which—

(i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association;

(ii) offers technical or vocational instruction; and

(iii) provides residential facilities for some or all of the students receiving such instruction;

(2) any hospital operating a school of nursing beyond the level of high school approved by the appropriate State authority, or any hospital approved for internships, by recognized authority, if such hospital is either a public hospital or a private hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(3) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual)—

(A) established for the sole purpose of providing housing or other educational facilities for students or students and faculty of one or more institutions included in paragraph (1) without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization; and

(B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan which is made under section 1132d of this title (as such section was in effect prior to July 23, 1992), will pass to such institution (or to any one or more of such institutions) unless it is shown to the satisfaction of the Secretary that such property or the proceeds from its sale will be used for some other nonprofit educational purpose;

(4) any agency, public authority, or other instrumentality of any State, established for the purpose of providing or financing housing or other educational facilities for students or faculty of any educational institution included in paragraph (1), but nothing in this paragraph shall require an institution included in paragraph (1) to obtain loans or grants through any instrumentality included in this paragraph; and

(5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in paragraph (1).

In the case of any loan made under section 1132d of this title (as such section was in effect prior to July 23, 1992) to a corporation described in paragraph (3) which was not established by the institution or institutions for whose students or students and faculty it would provide housing, or to a student housing cooperative corporation described in paragraph (5), and in the case of any loan which is obtained from other sources by such a corporation, the Secretary shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions). Where the law of any State in effect on September 2, 1964, prevents the institution or institutions, for whose students or students and faculty housing is to be provided, from cosigning the note, the Secretary shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such cosigning.

**(c) Undergraduate and graduate academic facilities****(1) In general**

Except as provided in paragraph (2), the term “undergraduate and graduate academic facilities” means structures suitable for use as classrooms, laboratories, libraries, and related facilities, the primary purpose of which is the instruction of students pursuing at least a 2-year program acceptable for full credit toward a baccalaureate degree, or for administration of the educational programs serving such students, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities, as well as infirmaries or other facilities designed to provide primarily for outpatient care of student and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to ensure that projects assisted with the use of Federal funds

under this part shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by individuals with disabilities.

## (2) Exceptions

The term “undergraduate and graduate academic facilities” shall not include (A) any facility intended primarily for events for which admission is to be charged to the general public, (B) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other undergraduate academic facilities included under this part is required to carry out the objectives of this part, (C) any facility used or to be used for sectarian instruction or as a place for religious worship, or (D) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity.

## (d) Development cost

The term “development cost” means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing, academic facilities, or other educational facilities, except that in the case of the purchase of facilities such term means the cost as approved by the Secretary.

## (e) Faculty

The term “faculty” means members of the faculty and their families.

## (f) Other educational facilities

The term “other educational facilities” means (1) new or existing structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

(Pub. L. 89-329, title VII, §734, as added Pub. L. 102-325, title VII, §705, July 23, 1992, 106 Stat. 751; amended Pub. L. 103-208, §2(j)(20), Dec. 20, 1993, 107 Stat. 2481.)

### PRIOR PROVISIONS

A prior section 1132d-3, Pub. L. 89-329, title VII, §734, as added Pub. L. 96-374, title VII, §701, Oct. 3, 1980, 94 Stat. 1477, related to annual interest grants to assist institutions of higher education and higher education building agencies, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132d-3, Pub. L. 89-329, title VII, §764, as added Pub. L. 92-318, title I, §161(a), June 23, 1972, 86 Stat. 300, related to repayable assistance in lieu of a grant, prior to the general revision of this subchapter by Pub. L. 96-374.

### AMENDMENTS

1993—Subsec. (e). Pub. L. 103-208 substituted “Faculty” for “Faculties” in heading and “faculty” for “faculties” as the defined term.

### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## § 1132d-4. Authorization of appropriations

There are authorized to be appropriated to carry out this part, \$50,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title VII, §735, as added Pub. L. 102-325, title VII, §705, July 23, 1992, 106 Stat. 753.)

### PRIOR PROVISIONS

A prior section 1132d-4, Pub. L. 89-329, title VII, §735, as added Pub. L. 96-374, title VII, §701, Oct. 3, 1980, 94 Stat. 1477, related to academic facilities loan insurance, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1132d-4, Pub. L. 89-329, title VII, §765, as added Pub. L. 92-318, title I, §161(a), June 23, 1972, 86 Stat. 300, related to applications for assistance to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 96-374.

Prior sections 1132d-5 and 1132d-11 were omitted in the general revision of this subchapter by Pub. L. 96-374.

Section 1132d-5, Pub. L. 89-329, title VII, §766, as added Pub. L. 92-318, title I, §161(a), June 23, 1972, 86 Stat. 300, defined “major disaster” and “public institution of higher education”.

Section 1132d-11, Pub. L. 89-329, title VII, §771, as added Pub. L. 94-482, title I, §162(i), Oct. 12, 1976, 90 Stat. 2157; amended Pub. L. 95-43, §1(a)(43), June 15, 1977, 91 Stat. 217, provided for a program of grants or loans for reconstruction or renovation of academic facilities.

## PART D—COLLEGE CONSTRUCTION LOAN INSURANCE ASSOCIATION

### CODIFICATION

Pub. L. 102-325, title VII, §707(a), July 23, 1992, 106 Stat. 753, redesignated part E of this subchapter as part D.

### PRIOR PROVISIONS

A prior part D, comprising section 1132e of this title, Pub. L. 89-329, title VII, §741, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1528, provided for annual interest grants to assist institutions of higher education in reducing the cost of borrowing money, prior to repeal by Pub. L. 102-325, §2, title VII, §706, July 23, 1992, 106 Stat. 458, 753, effective Oct. 1, 1992.

Another prior section 1132e, Pub. L. 89-329, title VII, §741, as added Pub. L. 96-374, title VII, §701, Oct. 3, 1980, 94 Stat. 1478, related to recovery of payments of grants and use of projects, prior to the general revision of this subchapter by Pub. L. 99-498. See section 1132i of this title.

Another prior section 1132e, Pub. L. 89-329, title VII, §781, as added Pub. L. 92-318, title I, §161(a), June 23, 1972, 86 Stat. 300; amended Pub. L. 94-482, title I, §162(a)(3), (4), Oct. 12, 1976, 90 Stat. 2156, 2157; Pub. L. 95-43, §1(a)(44), June 15, 1977, 91 Stat. 218, related to the recovery of payments, prior to the general revision of this subchapter by Pub. L. 96-374.

A prior section 1132e-1, Pub. L. 89-329, title VII, §742, as added Pub. L. 96-374, title VII, §701, Oct. 3, 1980, 94 Stat. 1479, defined terms used in this subchapter, prior to the general revision of this subchapter by Pub. L. 99-498. See section 1132i-1 of this title.

Another prior section 1132e-1, Pub. L. 89-329, title VII, §782, as added Pub. L. 92-318, title I, §161(a), June 23,



1972, 86 Stat. 301; amended Pub. L. 94-482, title I, § 162(a)(3), (4), (j), Oct. 12, 1976, 90 Stat. 2156-2158, defined terms used in this subchapter, prior to the general revision of this subchapter by Pub. L. 96-374.

**§ 1132f. Congressional declaration of purpose; definition; incorporation**

**(a) Purpose**

The Congress hereby declares that it is the purpose of this part to authorize participation of the United States Government and the Student Loan Marketing Association in a private, for profit corporation to be known as the College Construction Loan Insurance Association (hereinafter referred to as the “Corporation”) which will, directly or indirectly, alone or in collaboration with others—

(1) guarantee, insure, and reinsure bonds, debentures, notes, evidences of debt, loans, and interests therein, the proceeds of which are to be used for an education facilities purpose;

(2) guarantee and insure leases of personal, real, or mixed property to be used for an education facilities purpose; and

(3) issue letters of credit and undertake obligations and commitments as the Corporation deems necessary to carry out the purposes described in paragraphs (1) and (2).

**(b) Status as non-governmental entity**

The Corporation shall not be an agency, instrumentality, or establishment of the United States Government and shall not be a “Government corporation” nor a “Government controlled corporation” as defined in section 103 of title 5. No action under section 1491 of title 28 (commonly known as the Tucker Act) shall be allowable against the United States based on the actions of the Corporation.

**(c) Corporate powers and limitations**

The Corporation shall be subject to the provisions of this part and, to the extent not inconsistent with this part, to the District of Columbia Business Corporation Act [D.C. Code, § 29-301 et seq.]. The business activities of the Corporation shall always be limited to the purposes set forth in subsection (a) of this section. It shall have the powers conferred upon a corporation by the District of Columbia Business Corporation Act as from time to time in effect in order to conduct its corporate affairs and to carry out its purposes and activities incidental thereto.

**(d) “Education facilities purpose” defined**

As used in this section, an “education facilities purpose” includes any activity (including activities related to the payment of financing or transaction costs) relating to the construction, reconstruction, renovation, acquisition, or purchase of (1) education, training, or research facilities or housing for students, faculty, or staff, (2) any underlying real property or any interest therein, (3) furniture, fixtures, and equipment to be used in connection with any education or training facility or housing for students, faculty, or staff, and (4) instructional equipment and research instrumentation including site preparation for such equipment and instrumentation.

(Pub. L. 89-329, title VII, § 751, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1528.)

REFERENCES IN TEXT

The District of Columbia Business Corporation Act, referred to in subsec. (c), is act June 8, 1954, ch. 269, 68 Stat. 179, as amended, which appears in chapter 3 (§ 29-301 et seq.) of Title 29, Corporations, of the District of Columbia Code.

**§ 1132f-1. Criteria for guarantees and insurance**

**(a) General rule**

The Corporation shall provide direct insurance, guarantees, and reinsurance on obligations issued for education facilities purposes only in accordance with the requirements of this section.

**(b) Allocation of reinsurance capacity**

(1) At least the percentages specified in paragraph (2) of the aggregate dollar amount of bond and debenture issues reinsured by the Corporation shall be issues which, without insurance, are listed by a nationally recognized statistical rating organization at a rating below the third highest rating of such organization.

(2) For the purpose of paragraph (1) of this subsection, the percentages specified in this paragraph shall be—

(A) 10 percent for the first full year of operation of the Corporation;

(B) 30 percent for the second full year of such operation; and

(C) 50 percent for the third full year of such operation and thereafter.

(3) No bond or debenture issue which is both reinsured and directly insured by the Corporation may be counted toward the fulfillment of the requirements of paragraph (1).

**(c) Direct insurance and guarantee activities; limitations**

(1) All of the assets and obligations directly covered by primary insurance or guarantees issued by the Corporation shall be assets or obligations of institutions which are, without insurance or guarantee, listed by a nationally recognized statistical rating organization at a rating below the third highest rating of such organization.

(2) At least the percentages specified in paragraph (3) of the aggregate dollar amount of the assets and obligations reinsured, insured, and guaranteed by the Corporation under this section shall be in the direct insurance and guarantee activities specified in this subsection.

(3) For the purpose of paragraph (2) of this paragraph, the percentages specified in this paragraph shall be—

(A) 10 percent for the first full year of operation of the Corporation;

(B) 30 percent for the second full year of such operation; and

(C) 50 percent for the third full year of such operation and thereafter.

(4) For the purpose of paragraph (1), the assets and obligations which may be directly covered by primary insurance or guarantees issued by the Corporation are—

(A) bonds, debentures, notes, evidences of debt, loans, and interests therein, the proceeds of which are to be used for an education facilities purpose; and

(B) leases of personal, real, or mixed property to be used for an education facilities purpose.

(5) Notwithstanding paragraph (1), the Corporation may issue primary insurance or guarantees covering the assets or obligations of institutions which are, without insurance or guarantee, listed by a nationally recognized statistical rating organization at or above the third highest rating of such organization, subject to all of the following conditions and limitations:

(A) The proposed transaction shall have been declined for coverage by all unaffiliated monoline insurers that are authorized to write financial guarantee insurance and that, in the previous year, provided primary insurance or guarantees on educational facility obligations. The Secretary shall publish by January 31 of each year a list of all such insurers.

(B) Within 2 business days of receiving complete documentation concerning a proposed transaction by an institution seeking insurance from the Corporation pursuant to this paragraph (5), an insurer shall offer to provide coverage or execute an affidavit of declination, or its failure to respond shall be deemed a declination. The institution seeking insurance from the Corporation shall file with the Corporation the affidavits from all declining insurers, as well as an affidavit of the institution's financial advisor specifically identifying the pertinent terms of the proposed transaction, the requested insurance coverage, and the date on which complete documentation concerning the proposed transaction was submitted to each insurer and certifying that such information was provided to each insurer that declined coverage.

(C) The proceeds of the assets or obligations insured or guaranteed by the Corporation pursuant to this paragraph shall be used exclusively for the renovation, repair, replacement, or construction of academic and educational facilities and shall not be used for the renovation, repair, replacement, or construction of athletic facilities.

(D) The aggregate par value of assets and obligations insured or guaranteed by the Corporation under this paragraph (5) shall not exceed—

- (i) \$100,000,000 per year during calendar years 1993, 1994, and 1995; or
- (ii) \$150,000,000 per year during calendar years 1996 and 1997.

(E) The aggregate dollar amount of transactions under this paragraph (5) shall not exceed—

- (i) in calendar year 1993, 1994, or 1995, 10 percent of the aggregate dollar amount of assets and obligations directly covered by primary insurance or guarantees issued by the Corporation under this section in such year; or
- (ii) in calendar year 1996 or 1997, 15 percent of the aggregate dollar amount of assets and obligations directly covered by primary insurance or guarantees issued by the Corporation under this section in such year.

**(d) Notice of services**

The Corporation shall take such steps as may be necessary to publicize the availability of its

insurance and reinsurance programs under this section in a manner that assures that information concerning such programs will be available to each eligible institution.

**(e) Nondiscrimination required**

(1) The Corporation may not carry out any activities with respect to any educational facilities purpose of a participating institution if the institution discriminates on account of race, color, religion (subject to paragraph (2)), national origin, sex (to the extent provided in title IX of the Education Amendments of 1972) [20 U.S.C. 1681 et seq.], or handicapping condition.

(2) The prohibition with respect to religion shall not apply to an educational institution which is controlled by or which is closely identified with the tenets of a particular religious organization if the application of this section would not be consistent with the religious tenets of such organization.

(3) Each participating institution shall certify to the Corporation that the institution does not discriminate as required by the provisions of paragraph (1).

(Pub. L. 89-329, title VII, §752, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1529; amended Pub. L. 102-325, title VII, §707(b), July 23, 1992, 106 Stat. 753.)

REFERENCES IN TEXT

The Education Amendments of 1972, referred to in subsec. (e)(1), is Pub. L. 92-318, June 23, 1972, 86 Stat. 235, as amended. Title IX of the Education Amendments of 1972 is classified principally to chapter 38 (§1681 et seq.) of this title. For complete classification of this Act to the Code, see Short Title of 1972 Amendment note set out under section 1001 of this title and Tables.

AMENDMENTS

1992—Subsec. (c)(5). Pub. L. 102-325 added par. (5).

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1132f-9 of this title.

**§ 1132f-2. Process of organization**

The Secretary of the Treasury, the Secretary, and the Student Loan Marketing Association shall each appoint 2 persons to be incorporators of the Corporation. If either the Secretary of the Treasury or the Secretary fail to appoint incorporators within 90 days after October 17, 1986, the Student Loan Marketing Association, after consultation with the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives, shall have the authority to name the incorporators which have not been so appointed. The incorporators so appointed shall each sign the articles of incorporation and shall serve as the initial Board of Directors until the members of the first regular Board of Directors shall have been appointed and elected. Such incorporators shall take whatever actions are necessary or appropriate to establish the Corporation, including the filing of articles of incorporation.

(Pub. L. 89-329, title VII, §753, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1530.)

#### CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

### § 1132f-3. Operation and election of Board of Directors

#### (a) In general

The Corporation shall have a Board of Directors which shall consist of 11 members, of whom one shall be elected annually by the Board to serve as chairman. Directors shall serve for terms of one year or until their successors have been appointed and qualified, and any member so appointed to fill a vacancy shall be appointed only for the unexpired term of the Director whom he succeeds. Two Directors shall be appointed by the Secretary of the Treasury; 2 Directors shall be appointed by the Secretary; 3 Directors shall be appointed by the Student Loan Marketing Association; and the remaining 4 Directors shall be elected by the holders of the Corporation's voting common stock at least one of whom shall be a college or university administrator. The failure of the Secretary or the Secretary of the Treasury to make any one or more appointments to the Board of Directors of the Corporation shall not affect or diminish the right and power of (1) the other directors who have been appointed or elected to assume and carry out their duties as directors and (2) the Board so constituted to act for all purposes as the full Board of the Corporation.

#### (b) Cumulative voting

The articles of incorporation of the Corporation shall provide for cumulative voting under section 27(d) of the District of Columbia Business Corporation Act (D.C. Code, sec. 29-327(d)).

(Pub. L. 89-329, title VII, §754, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1531.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1132f-7 of this title.

### § 1132f-4. Initial capital

#### (a) Authority to issue common stock

The Corporation shall issue shares of voting common stock of no par value at such time within 6 months of its incorporation as shall be designated by the initial Board of Directors, and from time to time thereafter.

#### (b) Subscription by Secretary

The Secretary is authorized and directed to subscribe to and purchase, in each of the 5 years following the incorporation of the Corporation, voting common stock of the Corporation having an aggregate purchase price of not more than \$20,000,000, subject to availability of appropriations.

#### (c) Subscription by Association

The Student Loan Marketing Association is authorized to subscribe to and purchase during

the 5 years following the incorporation of the Corporation voting common stock of the Corporation having an aggregate purchase price of \$25,000,000 or more.

#### (d) Annual issuance

The Corporation is authorized to offer for subscription and purchase to the general public during the 5 years following the incorporation of the Corporation, voting common stock having an aggregate purchase price of \$125,000,000. Not less than 40 percent of such stock shall be set aside for purchase by institutions of higher education prior to being offered to the general public.

(Pub. L. 89-329, title VII, §755, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1531.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1132f-7 of this title.

### § 1132f-5. Issue of nonvoting stock and debt to public

The Corporation may issue, without limitation as to amount or restriction as to ownership, such nonvoting common, preferred, and preference stock, debt, and such other securities and obligations, in such amounts, at such times, and having such terms and conditions as may be deemed necessary or appropriate by its Board of Directors.

(Pub. L. 89-329, title VII, §756, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1532.)

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1132f-7 of this title.

### § 1132f-6. Obligations not federally guaranteed; no Federal priority

No obligation which is insured, guaranteed, or otherwise backed by the Corporation, shall be deemed to be an obligation which is guaranteed by the full faith and credit of the United States. No obligation which is insured, guaranteed, or otherwise backed by the Corporation shall be deemed to be an obligation which is guaranteed by the Student Loan Marketing Association. This section shall not affect the determination of whether such obligation is guaranteed for purposes of Federal income taxes.

(Pub. L. 89-329, title VII, §757, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1532.)

### § 1132f-7. Authority of Secretary to sell common stock; right of first refusal

#### (a) Authority to sell

The Secretary may, at any time after a date which is 5 years after the date of incorporation of the Corporation, sell (in one or more transactions) the voting common stock of the Corporation owned by the Secretary. Prior to offering such common stock for sale to any other person, the Secretary shall offer such stock to the Student Loan Marketing Association at the

price determined pursuant to subsection (b) of this section. Not later than 30 days prior to the sale of such stock, the Secretary shall advise, in writing, the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives of plans of the Secretary.

**(b) Purchase price**

The price at which the Secretary may sell the voting common stock of the Corporation under subsection (a) of this section shall be the market value of such shares as determined by the Secretary, on the basis of an independent appraisal, but shall not be less than the value of such shares as shown on the books of account of the Corporation as of the date of closing of such purchase. In no event shall the purchase price be less than the original issuance price.

**(c) Board of Directors elected after majority buy-out**

If the Student Loan Marketing Association acquires from the Secretary sufficient voting common stock so as to own more than 50 percent of the issued and outstanding voting common stock of the Corporation, section 1132f-3 of this title (except subsection (b)) shall be of no further force or effect and the Board of Directors of the Corporation shall thereafter be elected entirely by the voting common shareholders.

**(d) Right of first refusal to Association**

Until such time as the Student Loan Marketing Association acquires all of the voting common stock owned by the Secretary, the Student Loan Marketing Association shall have the right to purchase all, or any lesser portion it shall select, of each of the issues of equity securities or other securities convertible into equity of the Corporation as the Corporation may issue from time to time, on the same terms and conditions as such securities are to be offered to other persons.

**(e) Authority of Association with respect to Corporation**

The Student Loan Marketing Association is authorized and empowered to purchase stock and to carry out such other activities as are necessary and appropriate for carrying out the Association's obligations and responsibilities with respect to the Corporation. The Student Loan Marketing Association is also authorized to enter into such other transactions with the Corporation, including the acquisition of securities and obligations of the Corporation referred to in this section and sections 1132f-4 and 1132f-5 of this title, and arrangements for the provision of management and other services to the Corporation, as shall be approved by the Student Loan Marketing Association and the Corporation.

(Pub. L. 89-329, title VII, §758, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1532.)

CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

**§ 1132f-8. Use of stock sale proceeds**

The proceeds received by the Secretary upon the sale of any shares of the Corporation to the Student Loan Marketing Association or any other person shall be deposited in the general fund of the Treasury.

(Pub. L. 89-329, title VII, §759, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1533.)

**§ 1132f-9. Audits; reports to President and Congress**

**(a) Accounting**

The books of account of the Corporation shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

**(b) Reports**

The Corporation shall transmit to the President and the Congress, annually and at such other times as it deems desirable, a report of its operations and activities under this part, which annual report shall include a copy of the Corporation's financial statements and the opinion with respect thereto prepared by the independent public accountant reviewing such statements and a copy of any report made on an audit conducted under subsection (a) of this section. The annual reports shall include such information and other evidence as is necessary to demonstrate that the Corporation has complied with the requirements of section 1132f-1 of this title.

(Pub. L. 89-329, title VII, §760, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1533.)

PRIOR PROVISIONS

Prior sections 1132g to 1132g-3 and 1132h to 1132h-6 were repealed by Pub. L. 102-325, §2, title VII, §706, July 23, 1992, 106 Stat. 458, 753, effective Oct. 1, 1992.

Section 1132g, Pub. L. 89-329, title VII, §761, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1533, related to Federal assistance to undergraduate postsecondary educational institutions in form of loans.

Section 1132g-1, Pub. L. 89-329, title VII, §762, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1535; amended Pub. L. 100-369, §7(c), July 18, 1988, 102 Stat. 837, set out general provisions applicable to loans, including budget and accounting, use of funds, legal powers of Secretary in loan program, and limitations.

Section 1132g-2, Pub. L. 89-329, title VII, §763, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1537, directed that not more than 12.5 percent of loan funds be made available in any one State and set priorities as to types of projects to be approved.

Section 1132g-3, Pub. L. 89-329, title VII, §764, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1537; amended Pub. L. 100-50, §19(5), June 3, 1987, 101 Stat. 360, defined terms used in sections 1132g to 1132g-3 of this title.

Section 1132h, Pub. L. 89-329, title VII, §771, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1539, provided for financial assistance to Eastern Michigan University in Ypsilanti, Michigan, for renovation and restoration of Welch Hall.

Section 1132h-1, Pub. L. 89-329, title VII, §772, as added Pub. L. 99-498, title VII, §701, Oct. 17, 1986, 100 Stat. 1539, provided for financial assistance to Roch-

ester Institute of Technology in Rochester, New York, for Federal share of construction and related costs of Academic Health Education Center facility.

Section 1132h-2, Pub. L. 89-329, title VII, § 773, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1540, provided financial assistance to Shaw University of Raleigh, North Carolina, for renovation and restoration of Estey Hall.

Section 1132h-3, Pub. L. 89-329, title VII, § 774, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1540, provided for an electronic instructional network for gifted and talented students.

Section 1132h-4, Pub. L. 89-329, title VII, § 775, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1541, provided for financial assistance to Bethune-Cookman College in Volusia County, Florida, for establishment of Mary McLeod Bethune Memorial Fine Arts Center.

Section 1132h-5, Pub. L. 89-329, title VII, § 776, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1541, provided for financial assistance for University of Connecticut Behavioral Science Facility at Storrs, Connecticut.

Section 1132h-6, Pub. L. 89-329, title VII, § 777, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1541, provided for financial assistance for the establishment of a business administration program at University of Rhode Island in Kingston, Rhode Island.

## PART E—GENERAL

### CODIFICATION

Pub. L. 102-325, title VII, § 708(a), July 23, 1992, 106 Stat. 754, redesignated part H of this subchapter as part E.

### PRIOR PROVISIONS

A prior part E, comprising sections 1132f to 1132f-9 of this title, was redesignated part D of this subchapter.

## § 1132i. Recovery of payments

### (a) Public benefit

The Congress declares that, if a facility constructed with the aid of a grant under part A of this subchapter, or part B of this subchapter as such part was in effect prior to July 23, 1992, is used as an academic facility for 20 years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of 20 years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of this subchapter.

### (b) Recovery upon cessation of public benefit

If, within 20 years after completion of construction of an academic facility which has been constructed, in part with a grant under part A of this subchapter, or part B of this subchapter as such part was in effect prior to July 23, 1992—

(1) the applicant (or its successor in title or possession) ceases or fails to be a public or nonprofit institution, or

(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term “academic facility”, unless the Secretary determines that there is good cause for releasing the institution from its obligation,

the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the value of the facility at that

time (or so much thereof as constituted an approved project or projects) the same ratio as the amount of Federal grant bore to the cost of the facility financed with the aid of such grant. The value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

### (c) Prohibition on use for religion

Notwithstanding the provisions of subsections (a) and (b) of this section, no project assisted with funds under this subchapter shall ever be used for religious worship or a sectarian activity or for a school or department of divinity.

(Pub. L. 89-329, title VII, § 781, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1542; amended Pub. L. 102-325, title VII, § 708(b), July 23, 1992, 106 Stat. 754; Pub. L. 103-208, § 2(j)(21), Dec. 20, 1993, 107 Stat. 2481.)

### PRIOR PROVISIONS

Provisions similar to those comprising this section were contained in section 1132e of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-208 struck out the comma after “July 23, 1992”.

1992—Subsecs. (a), (b). Pub. L. 102-325 substituted “part A of this subchapter, or part B of this subchapter as such part was in effect prior to July 23, 1992,” for “part A or B of this subchapter”.

### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## § 1132i-1. Definitions

The following definitions apply to terms used in this subchapter:

(1)(A) Except as provided in subparagraph (B), the term “academic facilities” means structures suitable for use as classrooms, laboratories, libraries, and related facilities necessary or appropriate for instruction of students, or for research, or for administration of the educational or research programs, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities. For the purpose of part A or C of this subchapter, such term includes infirmaries or other facilities designed to provide primarily for outpatient care of students and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to ensure that projects assisted with the use of Federal funds under this subchapter shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

(B) The term “academic facilities” shall not include (i) any facility intended primarily for

events for which admission is to be charged to the general public, or (ii) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other academic facilities included under this subchapter is required to carry out the objectives of this subchapter, or (iii) any facility used or to be used for sectarian instruction or as a place for religious worship, or (iv) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity, or (v) any facility used or to be used by a school of medicine, school of dentistry, school of osteopathy, school of pharmacy, school of optometry, school of podiatry, or school of public health as these terms are defined in section 292a<sup>1</sup> of title 42, or a school of nursing as defined in section 298b of title 42, except that the term “academic facilities” may include any facility described in clause (v) to the degree that such facility is owned, operated, and maintained by the institution of higher education requesting the approval of a project; and that funds available for such facility under such project shall be used solely for the purpose of conversion or modernization of energy utilization techniques to economize on the use of energy resources; and that such project is not limited to facilities described in clause (v).

(2)(A) The term “construction” means (i) erection of new or expansion of existing structures, and the acquisition and installation of initial equipment therefor; or (ii) acquisition of existing structures not owned by the institution involved; or (iii) a combination of either of the foregoing. For the purpose of the preceding sentence, the term “equipment” includes, in addition to machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, all other items necessary for the functioning of a particular facility as an academic facility, including necessary furniture, but not including books, curricular, and program materials, and items of current and operating expense such as fuel, supplies, and the like; the term “initial equipment” means equipment acquired and installed in connection with construction; and the terms “equipment”, “initial equipment”, and “built-in equipment”, shall be more particularly defined by the Secretary by regulation.

(B) The term “reconstruction or renovation” means rehabilitation, alteration, conversion, or improvement (including the acquisition and installation of initial equipment, or modernization or replacement of such equipment) of existing structures. For the purpose of the preceding sentence, the term “equipment” includes, in addition to machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, all other items necessary for the functioning of a particular facility as an academic facility, includ-

ing necessary furniture, but not including books, curricular, and program materials, and items of current and operating expense such as fuel, supplies, and the like; the term “initial equipment” means equipment acquired and installed either in connection with construction as defined in paragraph (2)(A), or as part of the rehabilitation, alteration, conversion, or improvement of an existing structure, which structure would otherwise not be adequate for use as an academic facility; the terms “equipment”, “initial equipment”, and “built-in equipment” shall be more particularly defined by the Secretary by regulation; and the term “rehabilitation, alteration, conversion, or improvement” includes such action as may be necessary to provide for the architectural needs of, or to remove architectural barriers to, handicapped persons with a view toward increasing the accessibility to, and use of, academic facilities by such persons.

(3)(A) The term “development cost”, with respect to an academic facility, means the amount found by the Secretary to be the cost, to the applicant for a grant or loan under this subchapter, of the construction, reconstruction, or renovation involved and the cost of necessary acquisition of the land on which the facility is located and of necessary site improvements to permit its use for such facility. There shall be excluded from the development cost—

(i) in determining the amount of any grant under part A or B of this subchapter, an amount equal to the sum of (I) any Federal grant which the institution has obtained or is assured of obtaining, under any law other than this subchapter, with respect to the construction, reconstruction, or renovation that is to be financed with the aid of a grant under part A or B of this subchapter, and (II) the amount of any non-Federal funds required to be expended as a condition of such other Federal grant; and

(ii) in determining the amount of any loan under part C of this subchapter, an amount equal to the amount of any Federal financial assistance which the institution has obtained, or is assured of obtaining, under any law other than this subchapter, with respect to the construction, reconstruction, or renovation that is to be financed with the aid of a loan under part C of this subchapter.

(B) In determining the development cost with respect to an academic facility, the Secretary may include expenditures for works of art for the facility not to exceed 1 percent of the total cost (including such expenditures) to the applicant of construction, reconstruction, or renovation of, and land acquisition and site improvements for, such facility.

(4) The term “maintenance”, with respect to instructional and research equipment obtained with funding under this subchapter, shall mean the care necessary to the optimal functioning of such equipment. With respect to the equipment and structural changes related to obtaining and sustaining the necessary environment (ventilation, etc.) for proper functioning of instructional and research equipment, “maintenance” shall mean that portion

<sup>1</sup> See References in Text note below.

of care above and beyond normal overhead costs.

(5) The term “higher education building agency” means (A) an agency, public authority, or other instrumentality of a State authorized to provide, or finance the construction, reconstruction, or renovation of, academic facilities for institutions of higher education (whether or not also authorized to provide or finance other facilities for such or other educational institutions, or for their students or faculty), or (B) any corporation (no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual (i) established by an institution of higher education for the sole purpose of providing academic facilities for the use of such institution, and (ii) upon dissolution of which, all title to any property purchased or built from the proceeds of any loan made under part C of this subchapter will pass to such institution), or (C) an institution of postsecondary education.

(6) The term “public educational institution” does not include a school or institution of any agency of the United States.

(7) The term “State” includes in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(Pub. L. 89-329, title VII, § 782, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1542; amended Pub. L. 100-50, § 19(6), June 3, 1987, 101 Stat. 360; Pub. L. 102-325, title VII, § 708(c), July 23, 1992, 106 Stat. 754; Pub. L. 103-208, § 2(j)(22), Dec. 20, 1993, 107 Stat. 2481.)

#### REFERENCES IN TEXT

Section 292a of title 42, referred to in par. (1)(B), was in the original a reference to section 701 of the Public Health Service Act, or section 701 of act July 1, 1944. Section 701 of that Act was omitted in the general revision of subchapter V of chapter 6A of Title 42, The Public Health and Welfare by Pub. L. 102-408, title I, § 102, Oct. 13, 1992, 106 Stat. 1994. Pub. L. 102-408 enacted a new section 701 of act July 1, 1944, relating to statement of purpose, and a new section 702, relating to scope and duration of loan insurance program, which are classified to sections 292 and 292a, respectively, of Title 42. For provisions relating to definitions, see section 295p of Title 42.

#### PRIOR PROVISIONS

Provisions similar to those comprising this section were contained in section 1132e-1 of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

#### AMENDMENTS

1993—Par. (1)(A). Pub. L. 103-208 substituted “outpatient care of students” for “outpatient care of student”.

1992—Pars. (5) to (9). Pub. L. 102-325 redesignated pars. (6), (8), and (9) as pars. (5), (6), and (7), respectively, and struck out former pars. (5) and (7) which defined “Federal share” and “public community college and public technical institute”, respectively.

1987—Par. (1)(B). Pub. L. 100-50, § 19(6), made technical amendments to the references to sections 292a and 298b of title 42, substituting in the original “section 701 of the Public Health Service Act” for “section 724 of the Public Health Service Act” and “section 853 of that

Act” for “section 843 of that Act”. Since the references to sections 724 and 843 of the Act had been translated as if they read sections 701 and 853 of the Act to reflect the renumbering of those sections by Pub. L. 94-484 and Pub. L. 94-63, respectively, no change in text was required.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

For termination of Trust Territory of the Pacific Islands, see note set out preceding section 1681 of Title 48, Territories and Insular Possessions.

### § 1132i-2. Forgiveness of certain loans

#### (a) Forgiveness authorized

The Secretary may forgive the entire balance due, or any portion thereof, on any loan made under part C or part F of this subchapter (as in effect on the day before July 23, 1992), or under the College Housing and Academic Facilities Loan program, or any other federally subsidized, insured, or authorized loan program designed to assist institutions of higher education to construct academic or dormitory facilities, whenever the Secretary determines that—

(1) the institution of higher education is current in its payments to the Department or has entered into a moratorium agreement with the Secretary with respect to such payments; and

(2) the outstanding indebtedness on all such loans owed by such institution equals at least one-quarter of the annual budget for the most recent fiscal year of the institution of higher education seeking forgiveness of its housing loan indebtedness, exclusive of funds provided under subchapters III and IV of this chapter and part C of subchapter I of chapter 34 of title 42, and in the judgment of the Secretary the survival of the institution of higher education is threatened.

#### (b) “Institution of higher education” defined

For the purpose of this section the term “institution of higher education” includes a postsecondary educational institution.

#### (c) Application

Each institution of higher education requesting forgiveness of any loan under this section shall submit an application to the Secretary at such time, in such manner and containing or accompanied by such information, as the Secretary may reasonably require.

#### (d) Reduction of amounts owed to Treasurer

If the Secretary forgives all or part of a loan described in subsection (a) of this section, the

outstanding balance remaining on the notes of the Secretary that were issued to the Secretary of the Treasury under section 1132g(d) of this title as in effect prior to July 23, 1992, or under any provision of this subchapter as in effect at the time such note was issued, shall be reduced by such amount forgiven.

(Pub. L. 89-329, title VII, § 783, as added Pub. L. 99-498, title VII, § 701, Oct. 17, 1986, 100 Stat. 1545; amended Pub. L. 100-203, title III, § 3101, Dec. 22, 1987, 101 Stat. 1330-39; Pub. L. 102-325, title VII, § 708(d), July 23, 1992, 106 Stat. 754; Pub. L. 103-208, § 2(j)(23), Dec. 20, 1993, 107 Stat. 2481.)

#### REFERENCES IN TEXT

Section 1132g of this title, referred to in subsec. (d), was repealed by Pub. L. 102-325, title VII, § 706, July 23, 1992, 106 Stat. 753.

#### PRIOR PROVISIONS

A prior section 1132j, Pub. L. 89-329, title VII, § 795, as added Pub. L. 100-418, title VI, § 6211, Aug. 23, 1988, 102 Stat. 1517, provided for a program of agricultural, strategic metals, minerals, forestry, and oceans college and university research facilities and instrumentation modernization, prior to repeal by Pub. L. 102-325, § 2, title VII, § 706, July 23, 1992, 106 Stat. 458, 753, effective Oct. 1, 1992.

#### AMENDMENTS

1993—Subsec. (a)(2). Pub. L. 103-208, § 2(j)(23)(A), inserted “on all such loans owed by such institution” after “outstanding indebtedness”.

Subsec. (d). Pub. L. 103-208, § 2(j)(23)(B), added subsec. (d).

1992—Pub. L. 102-325 amended section generally, substituting provisions authorizing forgiveness of certain loans for provisions requiring sale of obligations.

1987—Pub. L. 100-203 inserted at end “Notwithstanding any other provision of this subchapter, after September 30, 1988, the Secretary shall not sell any of such obligations. Any agreement providing for delaying payment (with respect to obligations sold) until after September 30, 1988, or for delaying delivery of such obligations or delaying taking other actions in furtherance of such a sale until after such date, shall be considered to be a violation of the preceding sentence.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1132a-1 of this title.

### SUBCHAPTER VIII—COOPERATIVE EDUCATION

#### CODIFICATION

Title VIII of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L. 89-329, title VIII, as added Pub. L. 90-575, title II, § 251, Oct. 16, 1968, 82 Stat. 1042; amended Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367. Such title is shown herein, however, as having been added by Pub. L. 99-498, title VIII, § 801, Oct. 17, 1986, 100

Stat. 1546, without reference to such intervening amendments because of the extensive revision of title VIII by Pub. L. 99-498.

#### SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in section 1069b of this title.

### § 1133. Statement of purpose; definition

#### (a) Purpose

It is the purpose of this subchapter to award grants to institutions of higher education or combinations of such institutions to encourage such institutions to develop and make available to as many of their students as possible work experience that will aid such students in future careers and will enable such students to support themselves financially while in school.

#### (b) “Cooperative education” defined

For the purpose of this subchapter the term “cooperative education” means the provision of alternating or parallel periods of academic study and public or private employment in order to give students work experiences related to their academic or occupational objectives and an opportunity to earn the funds necessary for continuing and completing their education.

(Pub. L. 89-329, title VIII, § 801, as added Pub. L. 99-498, title VIII, § 801, Oct. 17, 1986, 100 Stat. 1546; amended Pub. L. 102-325, title VIII, § 801, July 23, 1992, 106 Stat. 755.)

#### PRIOR PROVISIONS

A prior section 1133, Pub. L. 89-329, title VIII, § 801, as added Pub. L. 94-482, title I, § 129(b), Oct. 12, 1976, 90 Stat. 2144; amended Pub. L. 96-374, title VIII, § 801(a), (b), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1481, 1482, 1503, authorized appropriations for fiscal years 1976 to 1985 for grants and contracts for cooperative education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1133, Pub. L. 89-329, title VIII, § 801, as added Pub. L. 90-575, title II, § 251, Oct. 16, 1968, 82 Stat. 1042; amended Pub. L. 92-318, title I, § 172(a), June 23, 1972, 86 Stat. 304, authorized projects and grants for sharing educational and related resources by institutions of higher education, prior to the general revision of this subchapter by Pub. L. 94-482.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to statement of purpose and defining term “cooperative education” for provisions authorizing appropriations to carry out this subchapter for fiscal years 1987 to 1991 and specifying their availability.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1133a. Authorization of appropriations; reservations

#### (a) Appropriations authorized

There are authorized to be appropriated to carry out this subchapter \$30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

#### (b) Reservations

Of the amounts appropriated in each fiscal year the Secretary shall reserve such amount as



is necessary to make continuing awards to institutions of higher education that were, on July 23, 1992, operating an existing cooperative education program under a multiyear project award and to continue to pay to such institutions the Federal share in effect on the day before July 23, 1992. Of the remainder of the amount appropriated in such fiscal year—

(1) not less than 50 percent shall be available for carrying out grants to institutions of higher education and combinations of such institutions described in section 1133b(a)(1)(A) of this title for cooperative education under section 1133b of this title;

(2) not less than 25 percent shall be available for carrying out grants to institutions of higher education described in section 1133b(a)(1)(B) of this title for cooperative education under section 1133b of this title;

(3) not to exceed 11 percent shall be available for demonstration projects under paragraph (1) of section 1133c(a) of this title;

(4) not to exceed 11 percent shall be available for training and resource centers under paragraph (2) of section 1133c(a) of this title; and

(5) not to exceed 3 percent shall be available for research under paragraph (3) of section 1133c(a) of this title.

### (c) Availability of appropriations

Appropriations under this subchapter shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this subchapter.

(Pub. L. 89-329, title VIII, §802, as added Pub. L. 99-498, title VIII, §801, Oct. 17, 1986, 100 Stat. 1546; amended Pub. L. 102-325, title VIII, §801, July 23, 1992, 106 Stat. 755; Pub. L. 103-208, §2(j)(24), Dec. 20, 1993, 107 Stat. 2482.)

#### PRIOR PROVISIONS

A prior section 1133a, Pub. L. 89-329, title VIII, §802, as added Pub. L. 94-482, title I, §129(b), Oct. 12, 1976, 90 Stat. 2145; amended Pub. L. 96-374, title VIII, §801(c), (d), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1482, 1503, authorized grants for programs of cooperative education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1133a, Pub. L. 89-329, title VIII, §802, as added Pub. L. 90-575, title II, §251, Oct. 16, 1968, 82 Stat. 1043; amended Pub. L. 92-318, title I, §171, June 23, 1972, 86 Stat. 304, authorized appropriations for projects and grants for sharing educational and related resources, prior to the general revision of this subchapter by Pub. L. 94-482.

#### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-208, inserted “the Secretary shall reserve such amount as is necessary to make continuing awards to institutions of higher education that were, on July 23, 1992, operating an existing cooperative education program under a multiyear project award and to continue to pay to such institutions the Federal share in effect on the day before July 23, 1992. Of the remainder of the amount appropriated in such fiscal year” after “fiscal year” in introductory provisions.

1992—Pub. L. 102-325 amended section generally, substituting provisions authorizing appropriations, reserving funds for various programs, and prohibiting use of funds for payment of compensation of students for employment by employers for provisions relating to grants for cooperative education programs.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L.

102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1133b, 1133c of this title.

### § 1133b. Grants for cooperative education

#### (a) Grants authorized

##### (1) In general

The Secretary is authorized—

(A) from the amount available under section 1133a(b)(1) of this title in each fiscal year and in accordance with the provisions of this subchapter, to make grants to institutions of higher education or combinations of such institutions that have not received a grant under this paragraph in the 10-year period preceding the date for which a grant under this section is requested to pay the Federal share of the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions or combinations of institutions; and

(B) from the amount available under section 1133a(b)(2) of this title in each fiscal year and in accordance with the provisions of this subchapter, to make grants to institutions of higher education that are operating an existing cooperative education program as determined by the Secretary to pay the cost of planning, establishing, expanding, or carrying out programs of cooperative education by such institutions.

##### (2) Program requirement

Cooperative education programs assisted under this section shall provide alternating or parallel periods of academic study and of public or private employment, giving students work experience related to their academic or occupational objectives and the opportunity to earn the funds necessary for continuing and completing their education.

##### (3) Amount of grants

(A) The amount of each grant awarded pursuant to paragraph (1)(A) to any institution of higher education or combination of such institutions in any fiscal year shall not exceed \$500,000.

(B)(i) Except as provided in clauses (ii) and (iii), the Secretary shall award grants in each fiscal year to each institution of higher education described in paragraph (1)(B) that has an application approved under subsection (b) of this section in an amount which bears the same ratio to the amount reserved pursuant to section 1133a(b)(2) of this title for such fiscal year as the number of unduplicated students placed in cooperative education jobs during the preceding fiscal year (other than cooperative education jobs under section 1133c of this title and as determined by the Secretary) by such institution of higher education bears to the total number of all such students placed in

such jobs during the preceding fiscal year by all such institutions.

(ii) No institution of higher education shall receive a grant pursuant to paragraph (1)(B) in any fiscal year in an amount which exceeds 25 percent of such institution's cooperative education program's personnel and operating budget for the preceding fiscal year.

(iii) The minimum annual grant amount which an institution of higher education is eligible to receive under paragraph (1)(B) is \$1,000 and the maximum annual grant amount is \$75,000.

#### **(4) Limitation**

The Secretary shall not award grants pursuant to paragraphs (1)(A) and (1)(B) to the same institution of higher education or combination of such institution in any one fiscal year.

#### **(5) Uses**

Grants under paragraph (1)(B) shall be used exclusively—

(A) to expand the quality and participation of a cooperative education program;

(B) for outreach in new curricular areas; and

(C) for outreach to potential participants including underrepresented and nontraditional populations.

#### **(b) Applications**

Each institution of higher education or combination of such institutions desiring to receive a grant under this section shall submit an application to the Secretary at such time and in such manner as the Secretary shall prescribe. Each such application shall—

(1) set forth the program or activities for which a grant is authorized under this section;

(2) specify each portion of such program or activities which will be performed by a non-profit organization or institution other than the applicant and the compensation to be paid for such performance;

(3) provide that the applicant will expend during such fiscal year for the purpose of such program or activities not less than the amount expended for such purpose during the previous fiscal year;

(4) describe the plans which the applicant will carry out to assure, and contain a formal statement of the institution's commitment which assures, that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1) of this section at a level which is not less than the total amount expended for such program during the first year such program was assisted under this section;

(5) provide that, in the case of an institution of higher education that provides a 2-year program which is acceptable for full credit toward a bachelor's degree, the cooperative education program will be available to students who are certificate or associate degree candidates and who carry at least one-half the normal full-time academic workload;

(6) provide that the applicant will—

(A) make such reports as may be essential to ensure that the applicant is complying

with the provisions of this section, including the reports for the second and each succeeding fiscal year for which the applicant receives a grant with respect to the impact of the cooperative education program in the previous fiscal year, including—

(i) the number of unduplicated student applicants in the cooperative education program;

(ii) the number of unduplicated students placed in cooperative education jobs;

(iii) the number of employers who have hired cooperative education students;

(iv) the income for students derived from working in cooperative education jobs; and

(v) the increase or decrease in the number of unduplicated students placed in cooperative education jobs in each fiscal year compared to the previous fiscal year; and

(B) keep such records as are essential to ensure that the applicant is complying with the provisions of this subchapter, including the notation of cooperative education employment on the student's transcript;

(7) describe the extent to which programs in the academic discipline for which the application is made have had a favorable reception by public and private sector employers;

(8) describe the extent to which the institution is committed to extending cooperative education on an institution-wide basis for all students who can benefit;

(9) describe the plans that the applicant will carry out to evaluate the applicant's cooperative education program at the end of the grant period;

(10) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this subchapter;

(11) demonstrate a commitment to serving special populations such as women, individuals with disabilities, and African American, Mexican-American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianian students; and

(12) include such other information as is essential to carry out the provisions of this subchapter.

#### **(c) Duration of grants; Federal share**

##### **(1) Duration of grants**

No individual institution of higher education may receive, individually or as a participant in a combination of such institutions—

(A) a grant pursuant to subsection (a)(1)(A) of this section for more than 5 fiscal years; or

(B) a grant pursuant to subsection (a)(1)(B) of this section for more than 5 fiscal years.

##### **(2) Federal share**

The Federal share of a grant under subsection (a)(1)(A) of this section may not exceed—

(A) 85 percent of the cost of carrying out the program or activities described in the application in the first year the applicant receives a grant under this section;

(B) 70 percent of such cost in the second such year;

(C) 55 percent of such cost in the third such year;

(D) 40 percent of such cost in the fourth such year; and

(E) 25 percent of such cost in the fifth such year.

### (3) Special rule

Any provision of law to the contrary notwithstanding, the Secretary shall not waive the provisions of this subsection.

### (d) Maintenance of effort

If the Secretary determines that a recipient of funds under this section has failed to maintain the fiscal effort described in subsection (b)(3) of this section, then the Secretary may elect not to make grant payments under this section to such recipient.

### (e) Factors for special consideration of applications

#### (1) In general

In approving applications under this section, the Secretary shall give special consideration to applications from institutions of higher education or combinations of such institutions for programs which show the greatest promise of success because of—

(A) the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception by public and private sector employers;

(B) the strength of the commitment of the institution of higher education or combination of such institutions to cooperative education as demonstrated by the plans and formalized institutional commitment statement which such institution or combination has made to continue the program after the termination of Federal financial assistance.

(C) the extent to which the institution or combination is committed to extending cooperative education for all students who can benefit, and

(D) such other factors as are consistent with the purposes of this section.

#### (2) Additional special consideration

The Secretary shall also give special consideration to applications from institutions of higher education or combinations of such institutions which demonstrate a commitment to serving special populations such as women, individuals with disabilities, and African American, Mexican-American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamanian (Chamorro), and Northern Marianian students.

(Pub. L. 89-329, title VIII, § 803, as added Pub. L. 99-498, title VIII, § 801, Oct. 17, 1986, 100 Stat. 1548; amended Pub. L. 102-325, title VIII, § 801, July 23, 1992, 106 Stat. 756; Pub. L. 103-208, § 2(j)(25), (26), Dec. 20, 1993, 107 Stat. 2482.)

### PRIOR PROVISIONS

A prior section 1133b, Pub. L. 89-329, title VIII, § 803, as added Pub. L. 94-482, title I, § 129(b), Oct. 12, 1976, 90 Stat. 2146; amended Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, authorized grants and contracts for training and research related to cooperative education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1133b, Pub. L. 89-329, title VIII, § 803, as added Pub. L. 90-575, title II, § 251, Oct. 16, 1968, 82 Stat. 1043, authorized free or reduced rates for sharing educational or related resources by institutions of higher education, prior to the general revision of this subchapter by Pub. L. 94-482.

### AMENDMENTS

1993—Subsec. (b)(6)(A). Pub. L. 103-208, § 2(j)(25), struck out “data” after “for which the applicant receives a grant”.

Subsec. (e)(2). Pub. L. 103-208, § 2(j)(26), substituted “Mexican-American” for “Mexican American” and “Northern Marianian” for “Northern Mariana”.

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to grants and contracts for cooperative education programs for provisions relating to demonstration and innovation projects, training and resource centers, and research.

### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1133a of this title.

## § 1133c. Demonstration and innovation projects; training and resource centers; and research

### (a) Authorization

The Secretary is authorized, in accordance with the provisions of this section, to make grants and enter into contracts for—

(1) the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative methods of cooperative education from the amounts available in each fiscal year under section 1133a(b)(3) of this title;

(2) the conduct of training and resource centers designed to—

(A) train personnel in the field of cooperative education;

(B) improve materials used in cooperative education programs if such improvement is conducted in conjunction with other activities described in this paragraph;

(C) furnish technical assistance to institutions of higher education to increase the potential of the institution to continue to conduct a cooperative education program without Federal assistance;

(D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need;

(E) support partnerships under which an institution carrying out a comprehensive co-

operative education program joins with one or more institutions of higher education in order to (i) assist the institution other than the comprehensive cooperative education institution to develop and expand an existing program of cooperative education, or (ii) establish and improve or expand comprehensive cooperative education programs; and

(F) encourage model cooperative education programs in the fields of science and mathematics for women and minorities who are underrepresented in such fields

from the amounts available in each fiscal year under section 1133a(b)(4) of this title; and

(3) the conduct of research relating to cooperative education, from the amounts available in each fiscal year under section 1133a(b)(5) of this title.

#### **(b) Administrative provision**

##### **(1) In general**

To carry out this section, the Secretary may—

(A) make grants to or contracts with institutions of higher education, or combinations of such institutions; and

(B) make grants to or contracts with other public or private nonprofit agencies or organizations, whenever such grants or contracts will make an especially significant contribution to attaining the objectives of this section.

##### **(2) Limitation**

(A) The Secretary may not use more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(A).

(B) The Secretary may use not more than 3 percent of the amount appropriated to carry out this section in each fiscal year to enter into contracts described in paragraph (1)(B).

#### **(c) Supplement not supplant**

A recipient of a grant or contract under this section may use the funds provided only so as to supplement and, to the extent possible, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources to carry out the activities supported by such grant or contract, and in no case to supplant such funds from non-Federal sources.

(Pub. L. 89-329, title VIII, § 804, as added Pub. L. 102-325, title VIII, § 801, July 23, 1992, 106 Stat. 759.)

#### **EFFECTIVE DATE**

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### **SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1133a, 1133b of this title.

### **SUBCHAPTER IX—GRADUATE PROGRAMS**

#### **CODIFICATION**

Title IX of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L. 89-329, title IX, as added by Pub. L. 90-575, title II, § 261, Oct. 16, 1968, 82 Stat. 1043, and amended by Pub. L.

92-318, June 23, 1972, 86 Stat. 235; Pub. L. 93-380, Aug. 21, 1974, 88 Stat. 484; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 96-470, Oct. 19, 1980, 94 Stat. 2237; Pub. L. 99-159, Nov. 22, 1985, 99 Stat. 887. Such title (except for part A) is shown herein, however, as having been added by Pub. L. 99-498, title IX, § 901(a), Oct. 17, 1986, 100 Stat. 1549, without reference to such intervening amendments because of the extensive revision of title IX by Pub. L. 99-498. Part A of such title is shown as having been added by Pub. L. 102-325, title IX, § 901, July 23, 1992, 106 Stat. 761, without reference to intervening amendments because of the extensive revision of part A by Pub. L. 102-325.

#### **SUBCHAPTER REFERRED TO IN OTHER SECTIONS**

This subchapter is referred to in title 42 section 4746.

### **§ 1134. Purpose and administrative provisions**

#### **(a) Purpose**

It is the purpose of this subchapter to—

(1) foster and support graduate and professional education;

(2) provide incentives and support for United States citizens to complete doctoral degree programs leading to academic careers, especially women and students from underrepresented groups; and

(3) provide support for students from underrepresented groups to complete masters and professional degree programs.

#### **(b) Administrative provisions**

##### **(1) Coordinated administration**

In carrying out the purposes of this subchapter, the Secretary shall provide for coordinated administration and regulation of graduate programs under this subchapter to ensure that the programs are carried out in a manner most compatible with academic practices.

##### **(2) Hiring authority**

For purposes of carrying out this subchapter, the Secretary shall appoint, without regard to the provisions of title 5 governing appointments in the competitive service, such administrative and technical employees, with the appropriate educational background, as shall be needed to assist in the administration of such subchapter. Such employees shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

##### **(3) Use for religious purposes prohibited**

No fellowship shall be awarded under this subchapter for study at a school or department of divinity.

(Pub. L. 89-329, title IX, § 901, as added Pub. L. 99-498, title IX, § 901(a), Oct. 17, 1986, 100 Stat. 1549; amended Pub. L. 102-325, title IX, § 901, July 23, 1992, 106 Stat. 760; Pub. L. 103-208, § 2(j)(27), Dec. 20, 1993, 107 Stat. 2482.)

#### **REFERENCES IN TEXT**

The provisions of title 5 governing appointments in the competitive service, referred to in subsec. (b)(2), are classified generally to section 3301 et seq. of Title 5, Government Organization and Employees.

#### **PRIOR PROVISIONS**

A prior section 1134, Pub. L. 89-329, title IX, § 901, as added Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86

Stat. 304; amended Pub. L. 94-482, title I, § 171(a)(1), (2), Oct. 12, 1976, 90 Stat. 2159; Pub. L. 96-49, § 9(a), Aug. 13, 1979, 93 Stat. 353; Pub. L. 96-374, title IX, § 901(a), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1482, 1503, set forth Congressional declaration of purpose and authorized appropriations for grants to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134, Pub. L. 89-329, title IX, § 901, as added Pub. L. 90-575, title II, § 261, Oct. 16, 1968, 82 Stat. 1043, set forth Congressional declaration of purpose respecting education for the public service, prior to repeal by Pub. L. 92-318.

#### AMENDMENTS

1993—Subsec. (b)(2). Pub. L. 103-208 substituted “such subchapter” for “such part”.

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to purpose and administration of this subchapter for provisions authorizing programs under former part A of this subchapter.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### INFORMATION ON GRADUATE EDUCATION

Section 1408 of Pub. L. 102-325 provided that:

“(a) **ASSESSMENT REQUIRED.**—The Secretary of Education shall conduct a study which will provide an assessment of the information currently collected on graduate education and will identify what additional information should be generated to guide the Department of Education in defining and executing its role in the support of graduate education.

“(b) **SUBJECT OF ASSESSMENT.**—The assessment required by subsection (a) shall include the assessment of the total amount of Federal, State, private, foundation, and institutional fellowships, assistantships, loans, or any other forms of financial assistance to all graduate students, including both American and foreign students; and how these amounts are distributed by race, by sex, to nontraditional students, and to students with disabilities. In addition, the assessment shall determine the number of graduate students, cross-referenced by race, sex, and national origin, part-time, full-time, independent versus dependent status, and individuals with disabilities who enrolled and completed all requirements for the degrees master of arts, master of science, master in business administration, doctor of philosophy, doctor of education, juris doctor, medical doctor, doctor in veterinary medicine, and doctor of dental science.

“(c) **CONSULTATION.**—In conducting such study, the Secretary of Education shall consult with other agencies and organizations involved in graduate education policy, including the Congressional Office of Technology Assessment, the President's Office of Science and Technology Policy, the National Science Foundation and the other Federal agencies supporting academic research and graduate education, the National Academy of Sciences and other public and private organizations which participate in the formulation and implementation of national graduate education policies and programs.

“(d) **DATE FOR COMPLETION.**—The study shall be completed within 2 years of the date of enactment of this Act [July 23, 1992].”

#### PART A—GRANTS TO INSTITUTIONS AND CONSORTIA TO ENCOURAGE WOMEN AND MINORITY PARTICIPATION IN GRADUATE EDUCATION

#### § 1134a. Grants authorized

The Secretary shall make grants to institutions of higher education and consortia of such institutions to enable such institutions and consortia—

(1) to identify talented undergraduate students who—

(A) demonstrate financial need; and

(B) are individuals from minority groups underrepresented in graduate education or are women underrepresented in fields of study in graduate education such as the fields of science and mathematics; and

(2) to provide such students with an opportunity to participate in a program of research and scholarly activities at such institutions or consortia designed to provide such students with effective preparation for graduate study in such fields or related fields.

(Pub. L. 89-329, title IX, § 911, as added Pub. L. 102-325, title IX, § 901, July 23, 1992, 106 Stat. 761.)

#### PRIOR PROVISIONS

A prior section 1134a, Pub. L. 89-329, title IX, § 902, as added Pub. L. 99-498, title IX, § 901(a), Oct. 17, 1986, 100 Stat. 1550, related to submission and contents of applications, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1134a, Pub. L. 89-329, title IX, § 902, as added Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 305; amended Pub. L. 94-482, title I, § 171(a)(3), Oct. 12, 1976, 90 Stat. 2159; Pub. L. 96-374, title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, related to applications for grants to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134a, Pub. L. 89-329, title IX, § 903, as added Pub. L. 90-575, title II, § 261, Oct. 16, 1968, 82 Stat. 1043, related to project grants and contracts to strengthen and improve education for the public service, prior to repeal by Pub. L. 92-318.

#### EFFECTIVE DATE

Part effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### § 1134b. Submission and contents of application

##### (a) Required information

Each institution of higher education or consortium desiring assistance under this part shall submit an application to the Secretary in such form and containing such information as the Secretary may by regulation prescribe. Each such application shall provide information regarding—

(1) the program of study, to take the form of summer research internships, seminars, and other educational experiences;

(2) the institution's or consortium's plan for identifying and recruiting talented women and minority undergraduates, especially those interested in entering fields in which such women and minority undergraduates are underrepresented;

(3) the participation of faculty in the program and a detailed description of the research in which students will be involved;

(4) a plan for the evaluation of the effectiveness of the program; and

(5) such other assurances and information as the Secretary may require by regulation.

**(b) Selection requirements**

In making awards to institutions and consortia—

(1) the Secretary shall consider the quality of the research in which students will be involved as well as the recruitment program and program of study; and

(2) the Secretary shall ensure an equitable geographic distribution among public and private institutions of higher education and consortia.

(Pub. L. 89-329, title IX, §912, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 761.)

**PRIOR PROVISIONS**

A prior section 1134b, Pub. L. 89-329, title IX, §903, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1550, related to use of award funds, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1134b, Pub. L. 89-329, title IX, §903, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 305; amended Pub. L. 94-482, title I, §171(a)(4), Oct. 12, 1976, 90 Stat. 2160; Pub. L. 96-374, title IX, §901(b), title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1482, 1503, related to the uses of funds appropriated to make grants to institutions of higher education, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134b, Pub. L. 89-329, title IX, §904, as added Pub. L. 90-575, title II, §261, Oct. 16, 1968, 82 Stat. 1044, related to application for grants or contracts to strengthen and improve education for the public service, providing in subsec. (a) for requisites of application, subsec. (b) for allocation of grants and contracts, and subsec. (c) for payment of compensation of students employed in public service and participation of Federal agencies and departments, prior to repeal by Pub. L. 92-318.

**§ 1134c. Use of funds**

Awards made to institutions or consortia under this part shall be used exclusively to provide direct fellowship aid which may include need-based stipends, room and board costs, transportation costs, and tuition for courses for which credit is given by the institution or consortium as approved by the Secretary.

(Pub. L. 89-329, title IX, §913, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 762.)

**PRIOR PROVISIONS**

A prior section 1134c, Pub. L. 89-329, title IX, §904, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 306; amended Pub. L. 96-374, title XIII, §1391(a)(1), Oct. 3, 1980, 94 Stat. 1503, authorized studies and research activities on the need for, and improvement of, graduate programs, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134c, Pub. L. 89-329, title IX, §911, as added Pub. L. 90-575, title II, §261, Oct. 16, 1968, 82 Stat. 1044, provided for authorization to award public service fellowships, prior to repeal by Pub. L. 92-318.

**§ 1134c-1. Information collection**

In order to assist institutions of higher education or consortia to identify talented women and minority undergraduates for graduate study, institutions or consortia receiving awards under this part shall provide to the Secretary

such information as the Secretary determines is necessary to carry out this section. With respect to students participating in a summer internship under this part, the Secretary shall collect information submitted by such institutions or consortia, such as the students' names, addresses, and institutions attended for undergraduate study. The Secretary shall, subject to the authorization of each student, make the information available to institutions of higher education or consortia offering graduate programs seeking to identify talented women and minority undergraduates for graduate study.

(Pub. L. 89-329, title IX, §914, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 762.)

**§ 1134c-2. Authorization of appropriations**

There are authorized to be appropriated to carry out this part \$25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title IX, §915, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 762.)

**PART B—PATRICIA ROBERTS HARRIS FELLOWSHIP PROGRAM**

**§ 1134d. Statement of purpose; designation**

**(a) Purpose**

It is the purpose of this part to provide, through institutions of higher education, a program of grants to assist in making available the benefits of master's level, professional, and doctoral education programs to individuals from minority groups and women who are underrepresented in such programs.

**(b) Designation**

Each recipient of such an award under this part shall be known as a "Patricia Roberts Harris Graduate Fellow".

(Pub. L. 89-329, title IX, §921, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1550; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 762.)

**PRIOR PROVISIONS**

A prior section 1134d, Pub. L. 89-329, title IX, §921, as added Pub. L. 96-374, title IX, §902(a), Oct. 3, 1980, 94 Stat. 1482, set forth Congressional statement of purpose, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134d, Pub. L. 89-329, title IX, §921, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 306; amended Pub. L. 94-482, title I, §171(b), Oct. 12, 1976, 90 Stat. 2160, authorized appropriations for carrying out the program of fellowships for graduate and professional study, prior to the general revision of this part by Pub. L. 96-374.

Another prior section 1134d, Pub. L. 89-329, title IX, §912, as added Pub. L. 90-575, title II, §261, Oct. 16, 1968, 82 Stat. 1045, provided for allocation of public service fellowships, prior to repeal by Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 304.

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, striking out "of awards" after "designation" in section catchline, substituting "master's level, professional, and doctoral education programs to individuals from minority groups and women who are underrepresented

in such programs” for “a post-baccalaureate education to graduate and professional students who demonstrate financial need” in subsec. (a), and inserting “Graduate” before “Fellow” in subsec. (b).

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1134e. Program authorized**

**(a) Grants by Secretary**

**(1) In general**

The Secretary shall make grants to institutions of higher education to enable such institutions to make grants in accordance with the provisions of this part.

**(2) Reservations**

The Secretary shall reserve—

(A) 50 percent of the amount appropriated pursuant to the authority of section 1134g of this title to award grants to institutions of higher education to enable such institutions to make awards for master's level and professional study; and

(B) 50 percent of such amount to award grants to such institutions to enable such institutions to make awards for doctoral study.

**(b) Distribution and amounts of grants**

**(1) Equitable distribution**

In making such grants the Secretary shall, to the maximum extent feasible, ensure an equitable geographic distribution of awards and an equitable distribution among eligible public and independent institutions of higher education.

**(2) Reallotment**

Whenever the Secretary determines that an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot such amounts not needed to institutions which can use the grants authorized by this part.

**(c) Applications**

Any eligible institution of higher education offering a program of postbaccalaureate study leading to a master's level, professional, or doctoral degree may apply for grants under this part. Each such institution may make an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Such application may be made on behalf of professional schools, academic departments, or similar organizational units within such institution meeting the requirements of this subsection, including interdisciplinary or interdepartmental programs.

**(d) Selection of applications**

In making grants to institutions of higher education, the Secretary shall—

(1) take into account present and projected needs for highly trained individuals in academic career fields of high national priority;

(2) consider the need to prepare a larger number of women and individuals from minority groups, especially from among such groups which have been traditionally underrepresented in professional and academic careers requiring master's level, professional, or doctoral degrees, but nothing contained in this paragraph shall be interpreted to require any institution to grant preference or disparate treatment to the members of one minority group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this section, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area;

(3) take into account the need to expand access by women and minority groups to careers heretofore lacking adequate representation of women and minority groups; and

(4) take into account the success of the applicant in providing students with access to careers in which women and minority groups are underrepresented.

**(e) Priorities for fellowships**

The Secretary shall assure that, in making grants under this part, a priority for awards is accorded to—

(1) individuals from minority groups and women who are pursuing master's level or professional study in fields in which they are underrepresented;

(2) individuals from minority groups and women who are pursuing master's level study leading to careers that serve the public interest; and

(3) women and individuals from traditionally underrepresented groups undertaking doctoral study, including those interested in entering the fields of science and mathematics.

**(f) Institutional payments**

(1) The Secretary shall pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

(A) \$6,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1993-1994; and

(B) with respect to individuals who first receive fellowships during or after academic year 1993-1994—

(i) \$9,000 for the academic year 1993-1994; and

(ii) for succeeding academic years, \$9,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

(Pub. L. 89-329, title IX, §922, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1550; amended Pub. L. 102-325, title IX, §901, July

23, 1992, 106 Stat. 763; Pub. L. 103–208, §2(j)(28), Dec. 20, 1993, 107 Stat. 2482.)

#### PRIOR PROVISIONS

A prior section 1134e, Pub. L. 89–329, title IX, §922, as added Pub. L. 96–374, title IX, §902(a), Oct. 3, 1980, 94 Stat. 1482, authorized program of grants to assist graduate and professional study, prior to the general revision of this subchapter by Pub. L. 99–498.

Another prior section 1134e, Pub. L. 89–329, title IX, §922, as added Pub. L. 92–318, title I, §181(a), June 23, 1972, 86 Stat. 306; amended Pub. L. 94–482, title I, §171(b), Oct. 12, 1976, 90 Stat. 2160; Pub. L. 96–49, §9(b), Aug. 13, 1979, 93 Stat. 353, related to the authorization, duration, and extension of the period of fellowships, the awarding of vacated fellowships, and the question of the interruption of studies of fellowship recipients, prior to the general revision of this part by Pub. L. 96–374.

Another prior section 1134e, Pub. L. 89–329, title IX, §913, as added Pub. L. 90–575, title II, §261, Oct. 16, 1968, 82 Stat. 1045, provided for approval of programs, prior to repeal by Pub. L. 92–318, title I, §181(a), June 23, 1972, 86 Stat. 304.

#### AMENDMENTS

1993—Subsec. (f). Pub. L. 103–208 amended subsec. (f) generally. Prior to amendment, subsec. (f) read as follows: “The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, \$9,000 with respect to such awards made for the academic year 1993–1994, to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor’s Consumer Price Index for the previous calendar year.”

1992—Pub. L. 102–325 amended section generally, in subsec. (a) redesignating existing provisions as par. (1) and adding par. (2); in subsec. (b) inserting par. headings; in subsec. (c) inserting provisions relating to master’s degree; in subsec. (d) striking out par. (1), which read, “take into account present and projected needs for highly trained individuals in all areas of education beyond secondary school;”, redesignating par. (2) as (1) and substituting “academic career fields” for “other than academic career fields”, redesignating par. (3) as (2), inserting provisions relating to women, and substituting provisions relating to professional and academic careers requiring master’s level, professional, or doctoral degrees for provisions relating to colleges and universities, and adding pars. (3) and (4); in subsec. (e) striking out provisions requiring expenditures under former pars. (1) and (2) be not less than amounts expended in fiscal year 1985, in par. (1), substituting provisions relating to individuals from minority groups and women pursuing master’s level or professional study in fields in which they are underrepresented for provisions relating to individuals planning to pursue careers in public service, in par. (2), substituting provisions relating to individuals from minority groups and women pursuing master’s level study leading to careers serving public interest for provisions relating to individuals from traditionally underrepresented groups undertaking graduate or professional study, and adding par. (3); in subsec. (f) substituting provisions requiring Secretary to pay to institutions, for each individual at such institution awarded a fellowship, \$9,000 for academic year 1993–1994, to be adjusted annually thereafter in accordance with inflation as determined under Consumer Price Index for provisions requiring Secretary, from sums required to be expended under former subsec. (e), to pay to institutions which individuals receiving awards were attending, such amounts as were paid under similar fellowship programs administered through National Science Foundation and similar agencies, except that amount charged to fellowship recipient by institution for tuition and other required expenses was to be deducted from payments to institu-

tion; and by striking out subsec. (g) which prohibited award of fellowship under this part for study at school or department of divinity.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103–208 effective on and after Oct. 1, 1993, see section 5(b)(1) of Pub. L. 103–208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102–325 effective Oct. 1, 1992, see section 2 of Pub. L. 102–325, set out as a note under section 1001 of this title.

### § 1134f. Award of fellowships

#### (a) Awards

The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary may establish shall reflect the purpose of this program to encourage students to undertake master’s level, professional, and doctoral study as described in this part. In the case of an individual who receives such individual’s first stipend under this part in academic year 1993–1994 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow’s demonstrated level of need according to measurements of need approved by the Secretary.

#### (b) Requirements for awards

##### (1) Master’s or professional degree

No student enrolled in graduate study leading to a master’s or professional degree shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to study or research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed the normal period for completing the program in which the student is enrolled or a total of 3 years, whichever is less, except that the Secretary may provide by regulation for the granting of such fellowships for an additional period of study not to exceed one 12-month period, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient.

##### (2) Doctoral degree

No student enrolled in graduate study leading to a doctoral degree shall receive an award under this part except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time



to study, research (including acting as a teaching assistant or research assistant as may be required as a condition to award a degree), or dissertation work in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of 3 years, consisting of not more than 2 years of support for study or research, and not more than 1 year of support for dissertation work, provided that the student has attained satisfactory progress prior to the dissertation stage, except that the Secretary may provide by regulation for the granting of such fellowships for an additional period of study not to exceed one 12-month period, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such 12-month extension of an award to an individual fellowship recipient for study or research upon review of an application for such extension by the recipient. The institution shall provide 2 years of support for each student following the years of Federal predissertation support under this part. Any student receiving an award for graduate study leading to a doctoral degree shall receive at least 1 year of supervised training in instruction during such student's doctoral program.

### (3) Continuation of awards under prior law

Notwithstanding any other provision of law, in the case of an individual who was awarded a multiyear fellowship under this part before July 23, 1992, awards to such individual for the remainder of such fellowship may, at the discretion of the institution of higher education attended by such individual, be subject to the requirements of this subsection as in effect prior to July 23, 1992. The institution shall be required to exercise such discretion at the time that its application to the Secretary for a grant under this part, and the amount of any such grant, are being considered by the Secretary.

(Pub. L. 89-329, title IX, § 923, as added Pub. L. 99-498, title IX, § 901(a), Oct. 17, 1986, 100 Stat. 1552; amended Pub. L. 102-325, title IX, § 901, July 23, 1992, 106 Stat. 764; Pub. L. 103-208, § 2(j)(29)-(31), Dec. 20, 1993, 107 Stat. 2482, 2483.)

#### PRIOR PROVISIONS

A prior section 1134f, Pub. L. 89-329, title IX, § 923, as added Pub. L. 96-374, title IX, § 902(a), Oct. 3, 1980, 94 Stat. 1484, related to award of fellowships to graduate and professional students, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134f, Pub. L. 89-329, title IX, § 923, as added Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 306; amended Pub. L. 94-482, title I, § 171(b), Oct. 12, 1976, 90 Stat. 2160, related to the award of fellowships and the approval of graduate programs, prior to the general revision of this part by Pub. L. 96-374.

Another prior section 1134f, Pub. L. 89-329, title IX, § 914, as added Pub. L. 90-575, title II, § 261, Oct. 16, 1968, 82 Stat. 1045, provided for stipends for public service fellowships, prior to repeal by Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 304.

#### AMENDMENTS

1993—Subsec. (b)(1). Pub. L. 103-208, § 2(j)(29), in second sentence, substituted “granting of such fellowships for an additional period of study not to exceed one 12-month period,” for “granting of such fellowships for a period of study not to exceed one 12-month period, in addition to the 3-year period for study or research set forth in this section.”

Subsec. (b)(2). Pub. L. 103-208, § 2(j)(30), inserted second to fifth sentences and struck out former second and third sentences which read as follows: “Such period shall not exceed a total of 3 years, consisting of not more than 2 years of support for study or research, and not more than 1 year of support for dissertation work provided that the student has attained satisfactory progress prior to the dissertation stage. The institution shall provide 2 years of support for each student, including at least 1 year of supervised teaching, following the 2 years of predissertation support under this part.”

Subsec. (b)(3). Pub. L. 103-208, § 2(j)(31), added par. (3).

1992—Pub. L. 102-325 amended section generally, in subsec. (a), in heading striking out “based on need” after “Awards” and in text substituting provisions requiring Secretary to make payments to institutions for purpose of paying individual stipends and to set level of stipend to encourage master's professional, and doctoral studies, and to equal amount of National Science Foundation graduate fellowship, not to exceed need of fellow, for provisions requiring institution to make available to needy graduate and professional students awards determined by such institution, except that no award could exceed lesser of \$10,000 or demonstrated level of need as determined under part E of subchapter IV of this chapter and in subsec. (b), in heading substituting “awards” for “award” and in text redesignating existing provisions as par. (1) and inserting provisions restricting applicability to students pursuing master's or professional degrees and provisions limiting period to normal period for completing the program of study, and adding par. (2).

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1134g of this title.

### § 1134g. Authorization of appropriations

There are authorized to be appropriated \$60,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part. Notwithstanding any other provision of law, the Secretary may use funds appropriated pursuant to this section for fiscal year 1994 to make continuation awards under section 1134f(b)(3) of this title to individuals who would have been eligible for such awards in fiscal year 1993 if such section had been in effect.

(Pub. L. 89-329, title IX, § 924, as added Pub. L. 102-325, title IX, § 901, July 23, 1992, 106 Stat. 765; amended Pub. L. 103-208, § 2(j)(32), Dec. 20, 1993, 107 Stat. 2483.)

#### PRIOR PROVISIONS

A prior section 1134g, Pub. L. 89-329, title IX, § 924, as added Pub. L. 96-374, title IX, § 902(a), Oct. 3, 1980, 94

Stat. 1484, authorized appropriations for fiscal years 1981 to 1985 for grant program to assist graduate and professional students, prior to the general revision of this subchapter by Pub. L. 99-498. See section 1134u(b) of this title.

Another prior section 1134g, Pub. L. 89-329, title IX, § 924, as added Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 307; amended Pub. L. 94-482, title I, § 171(b), Oct. 12, 1976, 90 Stat. 2161, related to fellowship stipends, additional allowances to institutions of higher education, and deductions, prior to the general revision of this part by Pub. L. 96-374.

Another prior section 1134g, Pub. L. 89-329, title IX, § 915, as added Pub. L. 90-575, title II, § 261, Oct. 16, 1968, 82 Stat. 1045, provided for public service fellowship conditions, prior to repeal by Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 304.

#### AMENDMENTS

1993—Pub. L. 103-208 inserted at end “Notwithstanding any other provision of law, the Secretary may use funds appropriated pursuant to this section for fiscal year 1994 to make continuation awards under section 1134(b)(3) of this title to individuals who would have been eligible for such awards in fiscal year 1993 if such section had been in effect.”

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1134e of this title.

#### PART C—JACOB K. JAVITS FELLOWSHIP PROGRAM

### § 1134h. Award of Jacob K. Javits fellowships

#### (a) Authority and timing of awards

The Secretary is authorized to award fellowships in accordance with the provisions of this part for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement and exceptional promise. These fellowships shall be awarded to students intending to pursue a doctoral degree, except that fellowships may be granted to students pursuing a master's degree in those fields in which the master's degree is commonly accepted as the appropriate degree for a tenured-track faculty position in a baccalaureate degree-granting institution. All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year for which the funds were appropriated. The fellowships shall be awarded for only 1 academic year of study and shall be renewable for a period not to exceed 4 years of study.

#### (b) Designation of fellows

Students receiving awards under this part shall be known as “Jacob K. Javits Fellows”.

#### (c) Interruptions of study

The institution of higher education may allow a fellowship recipient to interrupt periods of

study for a period not to exceed 12 months for the purpose of work, travel, or independent study away from the campus, if such independent study is supportive of the fellowship recipient's academic program and shall continue payments for those 12-month periods during which the student is pursuing travel or independent study supportive of the recipient's academic program.

(Pub. L. 89-329, title IX, § 931, as added Pub. L. 99-498, title IX, § 901(a), Oct. 17, 1986, 100 Stat. 1552; amended Pub. L. 100-50, § 20(1), June 3, 1987, 101 Stat. 360; Pub. L. 102-325, title IX, § 901, July 23, 1992, 106 Stat. 765; Pub. L. 103-208, § 2(j)(33), Dec. 20, 1993, 107 Stat. 2483.)

#### PRIOR PROVISIONS

A prior section 1134h, Pub. L. 89-329, title IX, § 931, as added Pub. L. 96-374, title IX, § 903, Oct. 3, 1980, 94 Stat. 1484; amended Pub. L. 99-159, title VIII, § 802, Nov. 22, 1985, 99 Stat. 908, authorized award of fellowships for graduate study in arts, humanities, and social sciences, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134h, Pub. L. 89-329, title IX, § 925, as added Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 307; amended Pub. L. 94-482, title I, § 171(b), Oct. 12, 1976, 90 Stat. 2162, set out conditions attached to fellowships for graduate and professional study, prior to the general revision of part B of of this subchapter by Pub. L. 96-374.

Another prior section 1134h, Pub. L. 89-329, title IX, § 921, as added Pub. L. 90-575, title II, § 261, Oct. 16, 1968, 82 Stat. 1046, defined “State”, “institution of higher education”, “public service” and “academic year”, prior to repeal by Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 304.

#### AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208 inserted after first sentence “These fellowships shall be awarded to students intending to pursue a doctoral degree, except that fellowships may be granted to students pursuing a master's degree in those fields in which the master's degree is commonly accepted as the appropriate degree for a tenured-track faculty position in a baccalaureate degree-granting institution.”

1992—Pub. L. 102-325 amended section generally, in subsec. (a) substituting “Authority” for “Number” in heading and substituting “fellowships in” for “not more than 450 fellowships per year in” and “only 1” for “only one” in text and reenacting subsecs. (b) and (c) without change.

1987—Pub. L. 100-50 substituted “Jacob K. Javits Fellowships” for “national graduate fellowship” in section catchline.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

**§ 1134i. Allocation of fellowships****(a) Fellowship Board****(1) Appointment**

The Secretary shall appoint a Jacob K. Javits Fellows Program Fellowship Board (hereinafter in this part referred to as the “Board”) consisting of 9 individuals representative of both public and private institutions of higher education who are especially qualified to serve on the Board. In making appointments, the Secretary shall give due consideration to the appointment of individuals who are highly respected in the academic community. The Secretary shall assure that individuals appointed to the Board are broadly knowledgeable about and have experience in graduate education in arts, humanities, and social sciences.

**(2) Duties**

The Board shall—

(A) establish general policies for the program established by this part and oversee its operation;

(B) establish general criteria for the distribution of fellowships among eligible academic fields identified by the Board;

(C) appoint panels of academic scholars with distinguished backgrounds in the arts, humanities, and social sciences for the purpose of selecting fellows; and

(D) prepare and submit to the Congress at least once in every 3-year period a report on any modifications in the program that the Board determines are appropriate.

**(3) Consultations**

In carrying out its responsibilities, the Board shall consult on a regular basis with representatives of the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and representatives of institutions of higher education and associations of such institution, learned societies, and professional organizations.

**(4) Term**

The term of office of each member of the Board shall be 4 years, except that any member appointed to fill a vacancy shall serve for the remainder of the term for which the predecessor of the member was appointed. No member may serve for a period in excess of 6 years.

**(5) Initial meeting; vacancy**

The Secretary shall call the first meeting of the Board, at which the first order of business shall be the election of a Chairperson and a Vice Chairperson, who shall serve until 1 year after the date of their appointment. Thereafter each officer shall be elected for a term of 2 years. In case a vacancy occurs in either office, the Board shall elect an individual from among the members of the Board to fill such vacancy.

**(6) Quorum; additional meetings**

(A) A majority of the members of the Board shall constitute a quorum.

(B) The Board shall meet at least once a year or more frequently, as may be necessary, to carry out its responsibilities.

**(7) Compensation**

Members of the Board, while serving on the business of the Board, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding the rate of basic pay payable for level IV of the Executive Schedule, including traveltime, and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5 for persons in Government service employed intermittently.

**(b) Use of selection panels**

The recipients of fellowships shall be selected in each designated field from among all applicants nationwide in each field by distinguished panels appointed by the Board to make such selections under criteria established by the Board. The number of recipients in each field in each year shall not exceed the number of fellows allocated to that field for that year by the Board.

**(c) Fellowship portability**

Each recipient shall be entitled to use the fellowship in a graduate program at any accredited institution of higher education in which the recipient may decide to enroll.

(Pub. L. 89-329, title IX, §932, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1553; amended Pub. L. 100-50, §20(2), (3), June 3, 1987, 101 Stat. 360; Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 766; Pub. L. 103-208, §2(j)(34), (35), Dec. 20, 1993, 107 Stat. 2483.)

## REFERENCES IN TEXT

Level IV of the Executive Schedule, referred to in subsec. (a)(7), is set out in section 5315 of Title 5, Government Organization and Employees.

## PRIOR PROVISIONS

A prior section 1134i, Pub. L. 89-329, title IX, §932, as added Pub. L. 96-374, title IX, §903, Oct. 3, 1980, 94 Stat. 1485, related to allocation of fellowships for graduate study in arts, humanities, and social sciences, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134i, Pub. L. 89-329, title IX, §941, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 308; amended Pub. L. 94-482, title I, §171(c)(1), Oct. 12, 1976, 90 Stat. 2162; Pub. L. 96-49, §9(c), Aug. 13, 1979, 93 Stat. 353, related to award of public service fellowships, prior to repeal by section 902(b) of Pub. L. 96-374.

Another prior section 1134i, Pub. L. 89-329, title IX, §922, as added Pub. L. 90-575, title II, §261, Oct. 16, 1968, 82 Stat. 1046, related to coordination of Federal assistance respecting education for the public service, prior to repeal by Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 304.

## AMENDMENTS

1993—Subsec. (a)(1). Pub. L. 103-208, §2(j)(34), substituted “graduate education” for “doctoral education” in third sentence.

Subsec. (c). Pub. L. 103-208, §2(j)(35), substituted “graduate program” for “doctoral program”.

1992—Pub. L. 102-325 amended section generally, in subsec. (a), inserting par. headings, in par. (1), substituting provisions relating to 9 members for provisions relating to not less than 9 and not more than 15 members prior to July 31, 1987, 13 members prior to Aug. 1, 1989, 11 members prior to Aug. 1, 1991, and 9 members after July 31, 1991, and in par. (7), substituting

provisions relating to level IV of Executive Schedule for provisions relating to section 5332 of title 5 and in subsec. (b), substituting “Board” for “Fellowship Board” after “appointed by the” and after “year by the”.

1987—Subsec. (a)(1). Pub. L. 100-50, § 20(2), substituted “Jacob K. Javits” for “National Graduate”.

Subsec. (a)(2)(C). Pub. L. 100-50, § 20(3), substituted “selecting” for “directing”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 17, 1986, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Section 901(b) of Pub. L. 99-498 provided that: “The amendments made to section 932(a) and (c) of the Act [subsecs. (a) and (c) of this section] by this section shall take effect with respect to individuals appointed to the Fellowship Board to fill vacancies occurring after the date of enactment of this Act [Oct. 17, 1986] on the Fellowship Board as constituted prior to the amendments made by this section [enacting this subchapter]. The Secretary shall make initial appointments under this subsection so that the terms of 3 members expire at the end of 2 years, 3 members expire at the end of 3 years, and 3 members expire at the end of 4 years.”

#### REFERENCES IN OTHER LAWS TO GS-16, 17, OR 18 PAY RATES

References in laws to the rates of pay for GS-16, 17, or 18, or to maximum rates of pay under the General Schedule, to be considered references to rates payable under specified sections of Title 5, Government Organization and Employees, see section 529 [title I, § 101(c)(1)] of Pub. L. 101-509, set out in a note under section 5376 of Title 5.

### § 1134j. Stipends

#### (a) Award by Secretary

The Secretary shall pay to individuals awarded fellowships under this part such stipends as the Secretary may establish, reflecting the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1993-1994 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

#### (b) Institutional payments

##### (1) In general

(A) The Secretary shall (in addition to stipends paid to individuals under this part) pay

to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in subparagraph (B), such allowance shall be—

(i) \$6,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1993-1994; and

(ii) with respect to individuals who first receive fellowships during or after academic year 1993-1994—

(I) \$9,000 for the academic year 1993-1994; and

(II) for succeeding academic years, \$9,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

(B) The institutional allowance paid under subparagraph (A) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

#### (2) Special rules

(A) Beginning March 1, 1992, any applicant for a fellowship under this part who has been notified in writing by the Secretary that such applicant has been selected to receive such a fellowship and is subsequently notified that the fellowship award has been withdrawn, shall receive such fellowship unless the Secretary subsequently makes a determination that such applicant submitted fraudulent information on the application.

(B) Subject to the availability of appropriations, amounts payable to an institution by the Secretary pursuant to this subsection shall not be reduced for any purpose other than the purposes specified under paragraph (1).

(Pub. L. 89-329, title IX, § 933, as added Pub. L. 99-498, title IX, § 901(a), Oct. 17, 1986, 100 Stat. 1554; amended Pub. L. 100-50, § 20(4), June 3, 1987, 101 Stat. 360; Pub. L. 102-325, title IX, § 901, July 23, 1992, 106 Stat. 767; Pub. L. 103-208, § 2(j)(36), Dec. 20, 1993, 107 Stat. 2483.)

#### PRIOR PROVISIONS

A prior section 1134j, Pub. L. 89-329, title IX, § 933, as added Pub. L. 96-374, title IX, § 903, Oct. 3, 1980, 94 Stat. 1486, related to stipends paid to individuals awarded fellowships for graduate study in arts, humanities, and social sciences, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134j, Pub. L. 89-329, title IX, § 942, as added Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 308; amended Pub. L. 94-482, title I, § 171(c)(2), Oct. 12, 1976, 90 Stat. 2163, related to the allocation of public service fellowships, prior to repeal by section 902(b) of Pub. L. 96-374.

Another prior section 1134j, Pub. L. 89-329, title IX, § 923, as added Pub. L. 90-575, title II, § 261, Oct. 16, 1968, 82 Stat. 1046; amended Pub. L. 92-318, title I, § 131(d)(2)(E), June 23, 1972, 86 Stat. 260, prohibited any grant, contract, or fellowship for study at schools or departments of divinity, prior to repeal by Pub. L. 92-318, title I, § 181(a), June 23, 1972, 86 Stat. 304.

#### AMENDMENTS

1993—Subsec. (b)(1). Pub. L. 103-208 amended par. (1) generally. Prior to amendment, par. (1) read as follows:

“The Secretary shall (in addition to the stipends paid to individuals under subsection (a) of this section) pay to the institution of higher education, for each individual awarded a fellowship for pursuing a course at such institution, \$9,000 with respect to such awards made for the academic year 1993–1994, to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor’s Consumer Price Index for the previous calendar year, except that such amount charged to a fellowship recipient and collected from such recipient for tuition and other expenses required by the institution as part of the recipient’s instructional program shall be deducted from the payment to the institution under this subsection.”

1992—Pub. L. 102–325 amended section generally, in subsec. (a), substituting provisions relating to stipends Secretary may establish for provisions relating to stipends, including allowances for subsistence and other expenses of fellowship recipients and their dependents, as Secretary may determine to be appropriate and provisions requiring stipends in academic year 1993–1994 or later to match level of support of National Science Foundation graduate fellowships for provisions requiring level of support comparable to that provided by federally funded graduate fellowships in science and engineering fields; and in subsec. (b), inserting par. headings, substituting provisions relating to \$9,000 payment in academic year 1993–1994, to be adjusted annually thereafter for inflation as determined by Consumer Price Index, for provisions relating to \$6,000 payment in par. (1), adding par. (2)(A), and redesignating former par. (2) as (2)(B).

1987—Subsec. (b)(1). Pub. L. 100–50 inserted “, except that such amount charged to a fellowship recipient and collected from such recipient for tuition and other expenses required by the institution as part of the recipient’s instructional program shall be deducted from the payment to the institution under this subsection” after “\$6,000”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103–208 effective on and after Oct. 1, 1993, see section 5(b)(1) of Pub. L. 103–208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102–325 effective Oct. 1, 1992, see section 2 of Pub. L. 102–325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100–50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99–498, see section 27 of Pub. L. 100–50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1134k of this title.

### § 1134k. Fellowship conditions

#### (a) Requirements for receipt

An individual awarded a fellowship under the provisions of this part shall continue to receive payments provided in section 1134j of this title only during such periods as the Secretary finds that such individual is maintaining satisfactory proficiency in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, in an institution of higher education, and is not engaging in gainful employment other than part-time employment by such institution in teaching, research, or similar activities, approved by the Secretary.

#### (b) Reports from recipients

The Secretary is authorized to require reports containing such information in such form and

filed at such times as the Secretary determines necessary from any person awarded a fellowship under the provisions of this part. The reports shall be accompanied by a certificate from an appropriate official at the institution of higher education, library, archive, or other research center approved by the Secretary, stating that such individual is making satisfactory progress in, and is devoting essentially full time to the program for which the fellowship was awarded.

(Pub. L. 89–329, title IX, §934, as added Pub. L. 99–498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1554; amended Pub. L. 102–325, title IX, §901, July 23, 1992, 106 Stat. 767.)

#### PRIOR PROVISIONS

A prior section 1134k, Pub. L. 89–329, title IX, §934, as added Pub. L. 96–374, title IX, §903, Oct. 3, 1980, 94 Stat. 1486, related to conditions on continuance of fellowships for graduate study in arts, humanities, and social sciences, prior to the general revision of this subchapter by Pub. L. 99–498.

Another prior section 1134k, Pub. L. 89–329, title IX, §943, as added Pub. L. 92–318, title I, §181(a), June 23, 1972, 86 Stat. 308; amended Pub. L. 94–482, title I, §171(c)(3), Oct. 12, 1976, 90 Stat. 2163, related to requisite approval of programs of graduate or professional study, prior to repeal by section 902(b) of Pub. L. 96–374.

Another prior section 1134k, Pub. L. 89–329, title IX, §924, as added Pub. L. 90–575, title II, §261, Oct. 16, 1968, 82 Stat. 1046, provided for annual report of the Secretary to Congress of activities relating to education for public service, prior to repeal by Pub. L. 92–318, title I, §181(a), June 23, 1972, 86 Stat. 304.

#### AMENDMENTS

1992—Pub. L. 102–325 amended section generally, substituting “such individual” for “he” in subsec. (a).

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102–325 effective Oct. 1, 1992, see section 2 of Pub. L. 102–325, set out as a note under section 1001 of this title.

### § 1134k–1. Authorization of appropriations

There are authorized to be appropriated \$30,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

(Pub. L. 89–329, title IX, §935, as added Pub. L. 102–325, title IX, §901, July 23, 1992, 106 Stat. 768.)

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102–325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### PART D—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

### § 1134l. Purpose

In order to sustain and enhance the capacity for teaching and research in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

(Pub. L. 89–329, title IX, §941, as added Pub. L. 99–498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1555; amended Pub. L. 102–325, title IX, §901, July 23, 1992, 106 Stat. 768; Pub. L. 103–208, §2(j)(37), Dec. 20, 1993, 107 Stat. 2484.)

## PRIOR PROVISIONS

A prior section 1134l, Pub. L. 89-329, title IX, §941, as added Pub. L. 96-374, title IX, §904, Oct. 3, 1980, 94 Stat. 1486, authorized assistance for training in legal profession, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134l, Pub. L. 89-329, title IX, §944, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 309; amended Pub. L. 94-482, title I, §171(c)(4), Oct. 12, 1976, 90 Stat. 2163, related to payments to persons awarded public service fellowships, prior to repeal by section 902(b) of Pub. L. 96-374.

Another prior section 1134l, Pub. L. 89-329, title IX, §925, as added Pub. L. 90-575, title II, §261, Oct. 16, 1968, 82 Stat. 1046, authorized appropriations for education for the public service, prior to repeal by Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 304.

## AMENDMENTS

1993—Pub. L. 103-208 substituted “this part” for “the part”.

1992—Pub. L. 102-325 amended section generally, substituting “the part” for “this part”.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1134m. Grants to academic departments and programs of institutions

#### (a) Grant authority

##### (1) In general

The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this part.

##### (2) Additional grants

The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving nondegree granting institutions which have formal arrangements for the support of doctoral dissertation research with degree-granting institutions. Nondegree granting institutions eligible for awards as part of such joint proposals include any organization which—

(A) is described in section 501(c)(3) of title 26, and is exempt from tax under section 501(a) of such title;

(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

(C) is not a private foundation;

(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

(E) has necessary research resources not otherwise readily available in such institutions to such students.

#### (b) Award and duration of grants

##### (1) Awards

The principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

##### (2) Duration

The Secretary shall approve a grant recipient under this part for a 3-year period. From the sums appropriated under this part for any fiscal year, the Secretary shall not make a grant to any academic department or program of an institution of higher education of less than \$100,000 or greater than \$750,000 per fiscal year.

##### (3) Reallotment

Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this part.

#### (c) Preference to continuing grant recipients

##### (1) In general

The Secretary shall make new grant awards under this part only to the extent that each previous grant recipient has received continued funding in accordance with subsection (b)(2) of this section.

##### (2) Ratable reduction

To the extent that appropriations under this part are insufficient to comply with paragraph (1), available funds shall be distributed by ratably reducing the amounts required to be awarded by subsection (b)(2) of this section.

(Pub. L. 89-329, title IX, §942, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1555; amended Pub. L. 100-369, §7(c), July 18, 1988, 102 Stat. 837; Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 768.)

## PRIOR PROVISIONS

A prior section 1134m, Pub. L. 89-329, title IX, §942, as added Pub. L. 96-374, title IX, §904, Oct. 3, 1980, 94 Stat. 1487, authorized appropriations for fiscal years 1981 to 1985 for program of assistance for training in legal profession, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134m, Pub. L. 89-329, title IX, §945, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 309, related to conditions attached to public service fellowships, prior to repeal by section 902(b) of Pub. L. 96-374.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally, inserting par. headings and in subsec. (b)(2) substituting “\$750,000 per fiscal year.” for “\$500,000 per fiscal year”.

1988—Subsec. (a)(2)(A). Pub. L. 100-369 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was

translated as “title 26” thus requiring no change in text.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1134n. Institutional eligibility

#### (a) Eligibility criteria

Any academic department or program of an institution of higher education that offers a program of postbaccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b) of this section) may apply for a grant under this part. No department or program shall be eligible for a grant unless the program of postbaccalaureate study has been in existence for at least 4 years at the time of application for assistance under this part.

#### (b) Designation of areas of national need

After consultation with the National Science Foundation, the National Academy of Sciences, the National Endowments for the Arts and the Humanities, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need, such as mathematics, biology, physics, chemistry, engineering, geosciences, computer science, or foreign languages and area studies. In making such designations, the Secretary shall take into account the extent to which the interest is compelling and the extent to which other Federal programs support postbaccalaureate study in the area concerned.

(Pub. L. 89-329, title IX, §943, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1556; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 769; Pub. L. 103-208, §2(j)(38), Dec. 20, 1993, 107 Stat. 2484.)

#### PRIOR PROVISIONS

A prior section 1134n, Pub. L. 89-329, title IX, §951, as added Pub. L. 96-374, title IX, §905, Oct. 3, 1980, 94 Stat. 1487, authorized assistance for law school clinical experience programs, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134n, Pub. L. 89-329, title IX, §961, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 309; amended Pub. L. 94-482, title I, §171(d)(1)-(3), Oct. 12, 1976, 90 Stat. 2163; Pub. L. 96-49, §9(d), Aug. 13, 1979, 93 Stat. 353, provided for a program of fellowships for other purposes, prior to repeal by section 902(b) of Pub. L. 96-374.

#### AMENDMENTS

1993—Subsec. (b). Pub. L. 103-208 substituted “foreign languages and area studies” for “foreign languages or area studies”.

1992—Pub. L. 102-325 amended section generally, substituting “postbaccalaureate” for “post-baccalaureate” wherever appearing.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1134o. Criteria for applications

#### (a) Selection of applications

The Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b) of this section. Applications shall be ranked on program quality by geographically balanced review panels of nationally recognized scholars. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

#### (b) Contents of applications

An academic department or program of an institution of higher education, in its application for a grant, shall—

(1) describe the current academic program of the applicant for which the grant is sought;

(2) provide assurances that the applicant will provide, from other non-Federal funds, for the purposes of the fellowship program under this part an amount equal to at least 25 percent of the amount of the grant received under this part;

(3) set forth policies and procedures to assure that, in making fellowship awards under this part the institution will seek talented students from traditionally underrepresented backgrounds, as determined by the Secretary;

(4) set forth policies and procedures to assure that, in making fellowship awards under this part, the institution will make awards to individuals who—

(A) have financial need, as determined under criteria developed by the institution;

(B) have excellent academic records in their previous programs of study;

(C) plan teaching or research careers; and

(D) plan to pursue the highest possible degree available in their course of study;

(5) set forth policies and procedures to ensure that Federal funds made available under this part for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this part and in no case to supplant those funds;

(6) provide assurances that, in the event that funds made available to the academic department or program under this part are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will endeavor, from any funds available to it, to fulfill the commitment to the student;

(7) provide that the applicant will comply with the limitations set forth in section 1134p of this title;

(8) provide assurances that the academic department will provide at least 1 year of supervised training in instruction for students; and

(9) include such other information as the Secretary may prescribe.

(Pub. L. 89-329, title IX, §944, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1556; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 770.)

## PRIOR PROVISIONS

A prior section 1134o, Pub. L. 89-329, title IX, §952, as added Pub. L. 96-374, title IX, §905, Oct. 3, 1980, 94 Stat. 1488, related to applications for assistance for law school clinical experience programs, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134o, Pub. L. 89-329, title IX, §962, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 310, related to the award of fellowships for other purposes, prior to repeal by section 902(b) of Pub. L. 96-374.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally, adding par. (8) and redesignating former par. (8) as (9).

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1134p of this title.

**§ 1134p. Awards to graduate students****(a) Commitments to graduate students****(1) In general**

An academic department or program of an institution of higher education shall make commitments to graduate students (including students pursuing a doctoral degree after having completed a master's degree program at an institution of higher education) at any point in their graduate study to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 5 years.

**(2) Special rule**

No such commitments shall be made to students under this part unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this part, or from institutional funds.

**(b) Amount of stipends**

The Secretary shall make payments to institutions of higher education for the purpose of paying stipends to individuals who are awarded fellowships under this part. The stipends the Secretary establishes shall reflect the purpose of this program to encourage highly talented students to undertake graduate study as described in this part. In the case of an individual who receives such individual's first stipend under this part in academic year 1993-1994 or any succeeding academic year, such stipend shall be set at a level of support equal to that provided by the National Science Foundation graduate fellowships, except such amount shall be adjusted as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary.

**(c) Treatment of institutional payments**

An institution of higher education that makes institutional payments for tuition and fees on behalf of individuals supported by fellowships under this part in amounts that exceed the institutional payments made by the Secretary pursuant to section 1134q(a) of this title may

count such payments toward the amounts the institution is required to provide pursuant to section 1134o(b)(2) of this title.

**(d) Academic progress required**

Notwithstanding the provisions of subsection (a) of this section, no student shall receive an award—

(1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or

(2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

(Pub. L. 89-329, title IX, §945, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1557; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 770; Pub. L. 103-208, §2(j)(39), Dec. 20, 1993, 107 Stat. 2484.)

## PRIOR PROVISIONS

A prior section 1134p, Pub. L. 89-329, title IX, §953, as added Pub. L. 96-374, title IX, §905, Oct. 3, 1980, 94 Stat. 1488, authorized appropriations for fiscal years 1981 to 1985 for providing assistance for law school clinical experience programs, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1134p, Pub. L. 89-329, title IX, §963, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 310; amended Pub. L. 94-482, title I, §171(d)(4), Oct. 12, 1976, 90 Stat. 2163, related to the amount of payments to persons awarded fellowships for other purposes, prior to repeal by section 902(b) of Pub. L. 96-374.

## AMENDMENTS

1993—Subsec. (c). Pub. L. 103-208 amended heading and text of subsec. (c) generally. Prior to amendment, text read as follows: "Notwithstanding the provisions of section 1134o(b)(6) of this title, any non-Federal funds provided to a student in accordance with section 1134o(b)(2) of this title by the academic department or program of an institution of higher education for tuition and fees under subsection (a) of this section, may be used to supplement stipends awarded under this part."

1992—Pub. L. 102-325 amended section generally, in subsec. (a) inserting par. headings and in par. (1), inserting provisions relating to students pursuing doctoral degree after completing master's degree program and striking out provisions requiring expenditure by institution under this section of at least 60 percent of funds received under this part, in subsec. (b) substituting provisions requiring Secretary to make payments to institutions for purpose of paying stipends, provisions relating to purpose of program, and provisions setting level of support for academic year 1993-1994 and thereafter at same level as National Science Foundation graduate fellowships, except as adjusted so as not to exceed level of need, for provisions setting level of stipend at amount determined by institution, except that stipend not exceed lesser of \$10,000 or level of need, adding subsec. (c), and redesignating former subsec. (c) as (d).

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.



## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1134o of this title.

**§ 1134q. Additional assistance for cost of education****(a) Institutional payments**

(1) The Secretary shall (in addition to stipends paid to individuals under this part) pay to the institution of higher education, for each individual awarded a fellowship under this part at such institution, an institutional allowance. Except as provided in paragraph (2), such allowance shall be—

(A) \$6,000 annually with respect to individuals who first received fellowships under this part prior to academic year 1993-1994; and

(B) with respect to individuals who first receive fellowships during or after academic year 1993-1994—

(i) \$9,000 for the academic year 1993-1994; and

(ii) for succeeding academic years, \$9,000 adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year.

(2) The institutional allowance paid under paragraph (1) shall be reduced by the amount the institution charges and collects from a fellowship recipient for tuition and other expenses as part of the recipient's instructional program.

**(b) Use for overhead prohibited**

Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

(Pub. L. 89-329, title IX, §946, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1558; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 771; Pub. L. 103-208, §2(j)(40), Dec. 20, 1993, 107 Stat. 2484.)

## PRIOR PROVISIONS

A prior section 1134q, Pub. L. 89-329, title IX, §964, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 311, related to fellowship conditions in program of fellowships other than public service fellowships or fellowships for graduate and professional study, prior to repeal by Pub. L. 96-374, title IX, §902(b), Oct. 3, 1980, 94 Stat. 1484, eff. Oct. 1, 1980.

## AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208 amended heading and text of subsec. (a) generally. Prior to amendment, text read as follows: "The Secretary shall (in addition to stipends paid to individuals under this subpart) pay to the institution of higher education, for each individual awarded a fellowship at such institution, \$9,000 with respect to such awards made for the academic year 1993-1994, to be adjusted annually thereafter in accordance with inflation as determined by the Department of Labor's Consumer Price Index for the previous calendar year."

1992—Pub. L. 102-325 amended section generally, substituting provisions requiring Secretary to pay to insti-

tution, for each individual awarded fellowship at such institution, \$9,000 for academic year 1993-1994, to be adjusted annually thereafter for inflation as determined under Consumer Price Index, for provisions authorizing academic department or program of institution, after complying with requirements of section 1134p of this title, to use funds under this part to pay additional amounts to fellowship recipients for tuition, fees and other costs of education.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective on and after Oct. 1, 1993, see section 5(b)(1) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1134p of this title.

**§ 1134q-1. Authorization of appropriations**

There are authorized to be appropriated \$40,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

(Pub. L. 89-329, title IX, §947, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 771.)

## EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**PART E—FACULTY DEVELOPMENT FELLOWSHIP PROGRAM****§ 1134r. Fellowships authorized****(a) Fellowship program authorization**

The Secretary shall make grants to institutions of higher education or consortia of such institutions and nonprofit organizations associated with institutions of higher education, with a demonstrated record of enhancing the access of individuals from underrepresented groups including African Americans, Asian Americans, Hispanic Americans, Native Americans, Pacific Islanders, and Native Hawaiians, to enable such institutions or consortia to—

(1) identify talented faculty from underrepresented groups who wish to—

(A) continue in the higher education professorate and obtain a doctoral degree; or

(B) participate in faculty professional development programs specifically designed to advance the careers of underrepresented minorities;

(2) identify talented baccalaureate degree recipients from underrepresented groups who have financial need and who wish to obtain a doctoral degree and enter the higher education professorate; and

(3) provide the individuals described in paragraphs (1) and (2) with a fellowship to assist such students in obtaining a doctoral degree or to participate in a faculty development program.

**(b) Geographic distribution**

In awarding grants pursuant to subsection (a) of this section, the Secretary shall ensure—

(1) an equitable geographic distribution of such grants; and

(2) that both public and private institutions of higher education are fairly represented among the grant recipients.

**(c) Special rule**

**(1) Equitable distribution**

Each institution of higher education or consortium receiving a grant under this part shall ensure that during the period of the grant there is an equitable distribution of fellowships under this part among underrepresented groups.

**(2) Construction**

Nothing in this section shall be interpreted to require any institution of higher education or consortium to grant preference or disparate treatment to the members of one group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this part, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area.

**(d) Waiver by Secretary**

The Secretary may waive all or any portion of the requirement under subsection (b) of this section upon application of any institution which is eligible for funds under subchapter III of this chapter, pursuant to criteria established by the Secretary by regulation.

**(e) Selection requirements**

In awarding grants under subsection (a) of this section, the Secretary shall give priority to applications describing programs that—

(1) provide to each fellowship recipient—

(A) a tuition waiver; and

(B)(i) a minimum \$2,000 stipend; or

(ii) additional financial support in conjunction with teaching or research activities that are part of such recipient's doctoral program;

(2) provide additional financial support to each fellowship recipient from non-Federal resources, either in cash or in kind, such as contributions from the business community and civic organizations;

(3) emphasize courses of study leading to the doctoral degrees in disciplines where minorities are underrepresented; and

(4) describe steps to ensure that a fellowship recipient will teach at an institution of higher education where minority undergraduate students are likely to benefit from the educational experience and academic achievement of such recipient.

**(f) Designation**

Students receiving fellowship awards under this part shall be known as "Faculty Development Fellows".

(Pub. L. 89-329, title IX, §951, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1558; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 772; Pub. L. 103-208, §2(j)(41), Dec. 20, 1993, 107 Stat. 2484.)

**PRIOR PROVISIONS**

A prior section 1134r, Pub. L. 89-329, title IX, §965, as added Pub. L. 92-318, title I, §181(a), June 23, 1972, 86 Stat. 311, authorized appropriations for program of fellowships other than public service fellowships or fellowships for graduate and professional study, prior to repeal by Pub. L. 96-374, title IX, §902(b), Oct. 3, 1980, 94 Stat. 1484, eff. Oct. 1, 1980.

A prior section 951 of Pub. L. 89-329, title IX, as added Pub. L. 96-374, title IX, §905, Oct. 3, 1980, 94 Stat. 487, provided for program authorization relating to law school clinical experience programs and was classified to section 1134n of this title, prior to the general revision of this subchapter by Pub. L. 99-498.

**AMENDMENTS**

1993—Subsec. (a). Pub. L. 103-208 inserted "Pacific Islanders," after "Native Americans,".

1992—Pub. L. 102-325 amended section generally, substituting provisions authorizing fellowships under faculty development fellowship program for provisions authorizing program for assistance for training in legal profession.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1134r-3 of this title.

**§ 1134r-1. Fellowships**

Each institution of higher education or consortium receiving a grant under this part shall award fellowships in an amount equal to the amount awarded to National Science Foundation graduate fellowship recipients for that year, or an amount based on the financial need of the recipient (as determined by the institution in accordance with measurements of need approved by the Secretary) whichever is less.

(Pub. L. 89-329, title IX, §952, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 773.)

**PRIOR PROVISIONS**

A prior section 1134r-1, Pub. L. 89-329, title IX, §966, as added Pub. L. 93-380, title VIII, §836(a), Aug. 21, 1974, 88 Stat. 605; amended Pub. L. 94-482, title I, §171(d)(5), Oct. 12, 1976, 90 Stat. 2164; Pub. L. 96-49, §9(e), Aug. 13, 1979, 93 Stat. 353, related to a program of assistance for training in legal profession, prior to repeal by Pub. L. 96-374, title IX, §902(b), Oct. 3, 1980, 94 Stat. 1484, eff. Oct. 1, 1980.

A prior section 952 of Pub. L. 89-329, title IX, as added Pub. L. 96-374, title IX, §905, Oct. 3, 1980, 94 Stat. 1488, related to applications for assistance in connection with law school clinical experience programs and was classified to section 1134o of this title, prior to the general revision of this subchapter by section 901(a) of Pub. L. 99-498.

**EFFECTIVE DATE**

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1134r-2. Application****(a) Application required**

Each institution of higher education or consortium desiring a grant under this part shall submit an application to the Secretary at such time, in such manner and containing such information as the Secretary may by regulation reasonably require.

**(b) Contents**

Each application submitted pursuant to subsection (a) of this section shall contain—

(1) the institution of higher education's or consortium's plan for identifying and recruiting faculty and baccalaureate degree recipients who may participate in the program assisted under this part;

(2) a description of the program or programs of doctoral study that the institution of higher education or consortium plans to offer in the institution's doctoral program;

(3) the institution of higher education's or consortium's plan for using minority faculty and other faculty as advisors and academic resources in support of the program assisted under this part;

(4) a description of other resources of the institution of higher education or consortium, including tuition waivers, assistantships or financial aid other than loans, that such institution or consortium shall make available to fellowship recipients;

(5) a description of the method such institution or consortium shall use to determine a student's financial need;

(6) the names of those undergraduate institutions which are historically or predominantly black colleges and universities or other institutions with significant enrollments of African Americans, Asian Americans, Hispanic Americans, Native Hawaiians, Pacific Islanders, and Native Americans which have agreed to cooperate with the applicant institution to carry out the purposes of this part; and

(7) such other assurances and information as the Secretary may reasonably require by regulation.

(Pub. L. 89-329, title IX, §953, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 773.)

**PRIOR PROVISIONS**

A prior section 1134r-2, Pub. L. 89-329, title IX, §971, as added Pub. L. 94-482, title I, §171(e), Oct. 12, 1976, 90 Stat. 2164, related to an annual report on graduate and assistance program, prior to repeal by Pub. L. 96-374, title IX, §902(b), Oct. 3, 1980, 94 Stat. 1484, eff. Oct. 1, 1980, and also by Pub. L. 96-470, title I, §106(b), Oct. 19, 1980, 94 Stat. 2238.

A prior section 953 of Pub. L. 89-329, title IX, as added Pub. L. 96-374, title IX, §905, Oct. 3, 1980, 94 Stat. 1488, authorized appropriations for fiscal years 1981 to 1985 for providing assistance for law school clinical experience programs and was classified to section 1134p of this title, prior to the general revision of this subchapter by section 901(a) of Pub. L. 99-498.

**EFFECTIVE DATE**

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1134r-3. Fellowship agreement**

Each recipient of a fellowship under this part shall enter into an agreement with the institu-

tion of higher education or consortium awarding such fellowship under which the fellowship recipient shall—

(1) in the case of a fellowship recipient described in section 1134r(a)(1) of this title, within a 5-year period after completing the doctoral degree for which the fellowship under this part was awarded, teach, for a period of not less than 1 year for each year for which financial assistance under this part was received, in a public or private nonprofit institution of higher education that has a significant minority enrollment;

(2) in the case of a fellowship recipient described in section 1134r(a)(2) of this title, within a 5-year period after completing the doctoral degree for which the fellowship under this part was awarded, teach, for a period of not less than 1 year for each year for which financial assistance under this part was received, in a public or private nonprofit institution of higher education;

(3) agree to provide the Secretary with evidence of compliance, determined pursuant to regulations issued by the Secretary, with the provisions of paragraph (1) or (2); and

(4) repay all or part of the fellowship received, plus interest, and if applicable reasonable collection fees, under regulations issued by the Secretary, in the event the conditions of paragraph (1) or (2) are not complied with, except as provided in section 1134r-5 of this title.

(Pub. L. 89-329, title IX, §954, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 774.)

**EFFECTIVE DATE**

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1134r-4, 1134r-5 of this title.

**§ 1134r-4. Fellowship repayment provisions**

A recipient of a fellowship under this part found by the Secretary to be in noncompliance with the agreement entered into under section 1134r-3(1) or 1134r-3(2) of this title shall be required to repay a pro rata amount of such fellowship assistance received, plus interest (but in no event at an interest rate higher than the rate applicable to loans in the applicable period under part B of subchapter IV of this chapter) and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this part.

(Pub. L. 89-329, title IX, §955, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 774.)

**EFFECTIVE DATE**

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1134r-5. Exceptions to repayment provisions****(a) Deferral during certain periods**

A recipient shall not be considered in violation of the agreement entered into pursuant to

section 1134r-3(1) or (2) of this title during any period in which the recipient—

(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

(2) is serving, not in excess of 3 years, as a member of the armed services of the United States;

(3) is temporarily totally disabled for a period of time not to exceed 3 years as established by sworn affidavit of a qualified physician;

(4) is unable to secure employment for a period not to exceed 12 months by reason of the care required by a spouse who is disabled;

(5) is seeking and unable to find full-time employment for a single period not to exceed 12 months;

(6) is engaged in full-time employment as a teacher in a public or private nonprofit preschool, elementary or secondary school, or a public or private nonprofit preschool, education program; or

(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this part.

**(b) Forgiveness if permanently totally disabled**

A recipient shall be excused from repayment of any fellowship assistance received under this part if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

(Pub. L. 89-329, title IX, §956, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 774.)

EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1134r-3 of this title.

**§ 1134r-6. Authorization of appropriations**

There are authorized to be appropriated to carry out this part \$25,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title IX, §957, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 775.)

EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

PART F—ASSISTANCE FOR TRAINING IN LEGAL PROFESSION

**§ 1134s. Program requirements**

**(a) Program authority**

The Secretary shall carry out a program to assist minority, low-income, or educationally disadvantaged college graduates to successfully pursue a law degree and service in the legal profession through an annual grant or contract with the Council on Legal Education Opportunity (hereinafter CLEO). A grant or contract

under this part shall permit CLEO to use up to 6 percent of the funds provided for administrative costs of the grant or contract.

**(b) Services authorized**

A legal training project under this part may provide the following services:

(1) Assistance and counseling in gaining admission to accredited law schools.

(2) A 6-week intensive summer program designed to prepare minority, low-income or educationally disadvantaged individuals for the successful completion of legal studies.

(3) An academic-year program of tutorial services, academic advice and counseling designed to assist eligible participants successfully complete their legal training, which may include—

(A) instruction in reading, legal research, legal writing skills and problem analysis;

(B) academic advice and assistance in course selection;

(C) advisement about financing their legal education and available student financial aid;

(D) personal and professional counseling relative to career alternatives in the legal profession and bar examination preparation; and

(E) any other activity consistent with subparagraphs (A) through (D) which furthers the objectives of this part which the Secretary may, by regulation, reasonably require.

**(c) Use of funds**

The Secretary shall by grant or contract on a biennial basis, with the Council on Legal Education Opportunity, cover all or part of the cost of—

(1) publicizing the existence and availability of program funds to assist minority, low-income, and educationally disadvantaged individuals to pursue a legal education;

(2) selecting minority, low-income and educationally disadvantaged individuals for training for the legal profession;

(3) facilitating the entry of such individuals into law schools at institutions of higher education for the purpose of pursuing a legal education;

(4) selecting from among all qualified applicants, which shall provide the services authorized by subsection (b)(2) or (3) of this section;

(5) evaluating the quality, impact and continuing feasibility of the programs implemented under subsection (b) of this section;

(6) providing, through the institutions, agencies, and organizations selected under paragraph (4), for not more than 6 months prior to entry of such individuals upon their course of training for the legal profession, or following entry, training designed to assist them to complete successfully such training for the legal profession;

(7) paying such stipends (including allowances for participant travel and for their dependents) as the Secretary may determine for such individuals for any such period of preliminary training for the legal profession during which such individuals maintain satisfactory academic progress toward the J.D. or

LL.B. degree, as determined by the respective institution; and

(8) paying for administrative activities of the institutions of higher education, agencies, or organizations which receive subgrants or contracts under paragraph (6), or with which such contracts are entered into, to the extent that such activities are for the purpose of furthering the activities described in paragraphs (1) through (7).

(Pub. L. 89-329, title IX, §961, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1558; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 775.)

#### PRIOR PROVISIONS

A prior section 1134s, Pub. L. 89-329, title IX, §981, as added Pub. L. 92-318, title X, §1001(b), June 23, 1972, 86 Stat. 380, related to a program of general assistance to graduate schools, prior to repeal by Pub. L. 96-374, title IX, §902(b), Oct. 3, 1980, 94 Stat. 1484, eff. Oct. 1, 1980. Subsequent to repeal of this section, subsec. (f) of this section was repealed by Pub. L. 96-470, title I, §106(c), Oct. 19, 1980, 94 Stat. 2238.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to requirements of assistance for training in legal profession program for provisions authorizing law school clinical experience program.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1134t. Authorization of appropriations

There are authorized to be appropriated to carry out this part \$7,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title IX, §962, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1559; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 776.)

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions authorizing appropriations for assistance for training in legal profession program for provisions relating to applications for grants or contracts under law school clinical experience programs.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### PART G—LAW SCHOOL CLINICAL EXPERIENCE PROGRAMS

### § 1134u. Program authorized

#### (a) Grant and contract purposes

The Secretary is authorized to enter into grants or contracts with accredited law schools in the States for the purpose of paying not to exceed 90 percent of the costs of continuing, expanding, or establishing programs in such schools to provide clinical experience to students in the practice of law, which includes any form of law student work involving performance

in the role of a lawyer exercising legal skills and roles such as those of an advocate, counselor, negotiator, investigator, and ethical practitioner, whether by way of the provision of representation of or services to an identifiable client in actual cases or situations (subject to existing State or local limitations upon such provision) or by way of simulation of such provision through appropriate exercises. Preference shall be given to those programs providing legal experience in the preparation and trial of actual cases, including administrative cases and the settlement of controversies outside the courtroom. The cases and situations handled in actuality or by simulation may encompass any one or more of the following:

- (1) Judicial, administrative, executive, or legislative proceedings, including the full range of preparation therefor.
- (2) Office or house counsel problems.
- (3) Factual investigation, empirical research, or policy or legal analysis.

#### (b) Use of funds

Such costs may include necessary expenditures incurred for—

- (1) planning;
- (2) training of faculty members and salary for additional faculty members;
- (3) travel and per diem for faculty and students;
- (4) reasonable stipends for students for work in the public service performed as part of any such program at a time other than during the regular academic year;
- (5) equipment and library resources;
- (6) involving practicing lawyers in the process of training law students to perform as lawyers; and
- (7) such other items as are allowed pursuant to regulations issued by the Secretary.

#### (c) Limitations on amounts

No law school may receive more than \$250,000 in any fiscal year pursuant to this part, no part of which may be used to pay for indirect costs or charges.

#### (d) “Accredited law school” defined

For the purpose of this part, the term “accredited law school” means any law school which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, including any combination or consortium of such schools.

(Pub. L. 89-329, title IX, §971, as added Pub. L. 99-498, title IX, §901(a), Oct. 17, 1986, 100 Stat. 1560; amended Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 776.)

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions authorizing law school clinical experience programs for provisions authorizing appropriations for this subchapter.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1134v. Applications****(a) Requirements**

A grant or contract authorized by this part may be made by the Secretary upon application which—

(1) is made at such time or times and contains such information as the Secretary may prescribe;

(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

(3) provides for making such reports, in such form and containing such information as the Secretary may require to carry out functions under this part, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

**(b) Distribution of grants and contracts**

The Secretary shall allocate grants or contracts under this part in such manner as will provide an equitable distribution of such grants or contracts throughout the United States among law schools which show promise of being able to use funds effectively for the purposes of this part.

(Pub. L. 89-329, title IX, §972, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 777.)

**EFFECTIVE DATE**

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1134w. Authorization of appropriations**

There are authorized to be appropriated to carry out this part \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title IX, §973, as added Pub. L. 102-325, title IX, §901, July 23, 1992, 106 Stat. 777.)

**EFFECTIVE DATE**

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**SUBCHAPTER X—POSTSECONDARY  
IMPROVEMENT PROGRAMS**

**PART A—FUND FOR THE IMPROVEMENT OF  
POSTSECONDARY EDUCATION**

**PRIOR PROVISIONS**

A prior part A, comprising section 1135 of this title, was repealed by Pub. L. 96-374, title X, §1001(a), Oct. 3, 1980, 94 Stat. 1489.

**SUBPART 1—PROGRAM AUTHORITY****§ 1135. Fund for the Improvement of Postsecondary Education****(a) Authority**

The Secretary is authorized to make grants to, or enter into contracts with, institutions of higher education or combinations of such institutions and other public and private nonprofit

institutions and agencies, to enable such institutions and combinations of such institutions to improve postsecondary education opportunities by—

(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

(2) the creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experiential learning;

(3) the establishment of institutions and programs based on the technology of communications;

(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

(5) the design and introduction of cost-effective methods of instruction and operation;

(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and

(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

**(b) Planning grants**

The Secretary is authorized to make planning grants to institutions of higher education for the development and testing of innovative techniques in postsecondary education. Such grants shall not exceed \$20,000.

(Pub. L. 89-329, title X, §1001, as added Pub. L. 96-374, title X, §1001(a), Oct. 3, 1980, 94 Stat. 1489; amended Pub. L. 102-325, title X, §1001, July 23, 1992, 106 Stat. 778.)

**PRIOR PROVISIONS**

A prior section 1135, Pub. L. 89-329, title X, §1001, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 312; amended Pub. L. 93-380, title VIII, §837, Aug. 21, 1974, 88 Stat. 606; Pub. L. 94-482, title I, §176(a)(3)-(5), title V, §501(a)(20), Oct. 12, 1976, 90 Stat. 2165, 2236; Pub. L. 95-180, §1(c), Nov. 15, 1977, 91 Stat. 1372; Pub. L. 96-49, §53(a), Aug. 13, 1979, 93 Stat. 354, related to development plans for expansion or improvement of postsecondary education programs in community colleges, prior to repeal by section 1001(a) of Pub. L. 96-374.

Another prior section 1135, Pub. L. 89-329, title X, §1001, as added Pub. L. 90-575, title II, §271, Oct. 16, 1968, 82 Stat. 1047, contained Congressional statement of purpose respecting improvement of graduate programs, prior to the general revision of this subchapter by Pub. L. 92-318.

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, revising and restating as subsec. (a) former provisions and adding subsec. (b).

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## EFFECTIVE DATE

Part effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1135a-2 of this title.

### § 1135a. National Board of the Fund for the Improvement of Postsecondary Education

#### (a) Establishment

There is established a National Board of the Fund for the Improvement of Postsecondary Education (hereafter in this part referred to as the “Board”). The Board shall consist of 15 members appointed by the Secretary for overlapping 3-year terms. A majority of the Board shall constitute a quorum. Any member of the Board who has served for 6 consecutive years shall thereafter be ineligible for appointment to the Board during a 2-year period following the expiration of such sixth year.

#### (b) Membership

##### (1) In general

The Secretary shall designate one of the members of the Board as Chairperson of the Board. A majority of the members of the Board shall be public interest representatives, including students, and a minority shall be educational representatives. All members selected shall be individuals able to contribute an important perspective on priorities for improvement in postsecondary education and strategies of educational and institutional change.

##### (2) Appointment of Director

The Secretary shall appoint the Director of the Fund for the Improvement of Postsecondary Education (hereafter in this part referred to as the “Director”).

#### (c) Duties

The Board shall—

(1) advise the Secretary and the Director on priorities for the improvement of postsecondary education and make such recommendations as the Board may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice;

(2) advise the Secretary and the Director on the operation of the Fund for the Improvement of Postsecondary Education, including advice on planning documents, guidelines, and procedures for grant competitions prepared by the Fund; and

(3) meet at the call of the Chairperson, except that the Board shall meet whenever one-third or more of the members request in writing that a meeting be held.

#### (d) Information and assistance

The Director shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

(Pub. L. 89-329, title X, §1002, as added Pub. L. 96-374, title X, §1001(a), Oct. 3, 1980, 94 Stat. 1489;

amended Pub. L. 102-325, title X, §1001, July 23, 1992, 106 Stat. 778.)

## PRIOR PROVISIONS

A prior section 1135a, Pub. L. 89-329, title X, §1011, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 313; amended Pub. L. 94-482, title I, §176(b)(2), Oct. 12, 1976, 90 Stat. 2165; Pub. L. 96-49, §53(b), Aug. 13, 1979, 93 Stat. 354, authorized appropriations for a program of establishment and expansion of community colleges, prior to repeal by section 1001(a) of Pub. L. 96-374.

Another prior section 1135a, Pub. L. 89-329, title X, §1002, as added Pub. L. 90-575, title II, §271, Oct. 16, 1968, 82 Stat. 1047, authorized appropriations, provided for types of programs, and prescribed limitations respecting improvement of graduate programs, prior to the general revision of this subchapter by Pub. L. 92-318.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to establishment of a National Board of the Fund for the Improvement of Postsecondary Education for provisions relating to consultation with appropriate State entities prior to making of grants or contracts.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

### § 1135a-1. Administrative provisions

#### (a) Technical employees

The Secretary may appoint, for terms not to exceed 3 years, without regard to the provisions of title 5 governing appointments in the competitive service, not more than 5 technical employees to administer this subpart who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

#### (b) Procedures

The Director shall establish procedures for reviewing and evaluating grants and contracts made or entered into under this subpart. Procedures for reviewing grant applications or contracts for financial assistance under this section may not be subject to any review outside of officials responsible for the administration of the Fund for the Improvement of Postsecondary Education.

(Pub. L. 89-329, title X, §1003, as added Pub. L. 96-374, title X, §1001(a), Oct. 3, 1980, 94 Stat. 1490; amended Pub. L. 99-498, title X, §1001(a), Oct. 17, 1986, 100 Stat. 1560; Pub. L. 102-325, title X, §1001, July 23, 1992, 106 Stat. 779.)

## REFERENCES IN TEXT

The provisions of title 5 governing appointments in the competitive service, referred to in subsec. (a), are classified generally to section 3301 et seq. of Title 5, Government Organization and Employees.

## PRIOR PROVISIONS

A prior section 1135a-1, Pub. L. 89-329, title X, §1012, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 313; amended Pub. L. 94-482, title I, §176(b)(3), Oct. 12, 1976, 90 Stat. 2165; Pub. L. 95-180, §1(c), Nov. 15, 1977, 91 Stat. 1372, related to the apportionment of funds in the program of establishing and expanding community colleges, prior to repeal by section 1001(a) of Pub. L. 96-374.

## AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to administration of this subpart for provisions relating to establishment of a National Board of the Fund for the Improvement of Postsecondary Education.

1986—Subsec. (c)(2). Pub. L. 99-498 amended par. (2) generally. Prior to amendment, par. (2) read as follows: “advise the Secretary and the Director of the Fund on the development of programs to be carried out by the Fund and on the selection of projects under consideration for support by the Fund in its competitions;”.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1137a of this title.

## § 1135a-2. Authorization of appropriations

## (a) In general

There are authorized to be appropriated to carry out this subpart (except for section 1135(b) of this title) \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

## (b) Planning grants

There are authorized to be appropriated to carry out section 1135(b) of this title \$1,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years. (Pub. L. 89-329, title X, §1004, as added Pub. L. 96-374, title X, §1001(a), Oct. 3, 1980, 94 Stat. 1490; amended Pub. L. 102-325, title X, §1001, July 23, 1992, 106 Stat. 779; Pub. L. 103-208, §2(j)(42), Dec. 20, 1993, 107 Stat. 2484.)

## PRIOR PROVISIONS

A prior section 1135a-2, Pub. L. 89-329, title X, §1013, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 314, provided for establishment grants and defined the term “new community college”, prior to repeal by section 1001(a) of Pub. L. 96-374.

A prior section 1135a-3, Pub. L. 89-329, title X, §1005, as added Pub. L. 96-374, title X, §1001(a), Oct. 3, 1980, 94 Stat. 1491; amended Pub. L. 99-498, title X, §1001(b), Oct. 17, 1986, 100 Stat. 1561, authorized appropriations to carry out this part for fiscal years 1987 to 1991, prior to the general revision of this part by Pub. L. 102-325.

Another prior section 1135a-3 and prior sections 1135a-4 to 1135a-7 were repealed by Pub. L. 96-374, title X, §1001(a), Oct. 3, 1980, 94 Stat. 1489, eff. Oct. 1, 1980.

Section 1135a-3, Pub. L. 89-329, title X, §1014, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 314; amended Pub. L. 94-482, title I, §177, Oct. 12, 1976, 90 Stat. 2165, related to expansion grants.

Section 1135a-4, Pub. L. 89-329, title X, §1015, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 314, related to leasing of facilities.

Section 1135a-5, Pub. L. 89-329, title X, §1016, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 315, related to establishment and expansion grants.

Section 1135a-6, Pub. L. 89-329, title X, §1017, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 315, authorized payment to approved applicants.

Section 1135a-7, Pub. L. 89-329, title X, §1018, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 315; amended Pub. L. 94-482, title I, §178, Oct. 12, 1976, 90 Stat. 2166, defined the term “community college”.

## AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208 substituted “subpart” for “part”.

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to authorization of appropriations for this part for provisions relating to administration of this subchapter.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## SUBPART 2—SPECIAL PROJECTS IN AREAS OF NATIONAL NEED

## § 1135a-11. Special projects

## (a) Grant authority

The Director is authorized to make grants to institutions of higher education, or consortia thereof, and such other public agencies and non-profit organizations as the Director deems necessary for innovative projects concerning one or more areas of particular national need identified by the Director.

## (b) Application

No grant shall be made under this part unless an application is made at such time, in such manner, and contains or is accompanied by such information as the Secretary may require.

## (c) Areas of national need

Areas of national need shall initially include, but shall not be limited to, the following:

- (1) International exchanges.
- (2) Campus climate and culture.
- (3) Evaluation and dissemination.

## (d) Authorization of appropriations

There are authorized to be appropriated to carry out this subpart \$5,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 89-329, title X, §1011, as added Pub. L. 102-325, title X, §1001, July 23, 1992, 106 Stat. 780; amended Pub. L. 103-208, §2(j)(43), Dec. 20, 1993, 107 Stat. 2484.)

## AMENDMENTS

1993—Subsec. (d). Pub. L. 103-208 substituted “subpart” for “part”.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

## PART B—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS

## CODIFICATION

Part B of title X of the Higher Education Act of 1965, comprising this part, was originally enacted by Pub. L.



89-329, title X, part B, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 316; amended Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 95-180, Nov. 15, 1977, 91 Stat. 1372; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-88, Oct. 17, 1979, 93 Stat. 668; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 98-524, Oct. 19, 1984, 98 Stat. 2435. Such part is shown herein, however, as having been added by Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1561, without reference to such intervening amendments because of the extensive revision of part B by Pub. L. 99-498.

SUBPART 1—MINORITY SCIENCE IMPROVEMENT  
PROGRAM

**§ 1135b. Purpose; authority**

**(a) Congressional declaration of purpose**

It is the purpose of this subpart to continue the authority of the Department to operate the Minority Institutions Science Improvement Program created under section 1862(a)(1) of title 42 and transferred to the Department by section 3444(a)(1)<sup>1</sup> of this title.

**(b) Grant authority**

The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvement in science and engineering education at predominantly minority institutions and to increase the participation of underrepresented ethnic minorities, particularly minority women, in scientific and technological careers.

(Pub. L. 89-329, title X, §1021, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1561; amended Pub. L. 102-325, title X, §1002(a), July 23, 1992, 106 Stat. 780.)

REFERENCES IN TEXT

Section 3444(a)(1) of this title, referred to in subsec. (a), was in the original a reference to section 304(a)(1) of the Department of Education Organization Act of 1979. Sections 304 and 305 of that Act were renumbered as sections 303 and 304, respectively, by Pub. L. 103-382, title II, §271(a)(2), Oct. 20, 1994, 108 Stat. 3929, and are classified to sections 3444 and 3445, respectively, of this title.

PRIOR PROVISIONS

A prior section 1135b, Pub. L. 89-329, title X, §1051, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 316, authorized appropriations for occupational education programs, prior to repeal by Pub. L. 94-482, title I, §176(c), title II, §204(c)(2), Oct. 12, 1976, 90 Stat. 2165, 2215, eff. Sept. 30, 1977, Oct. 1, 1977.

Another prior section 1135b, Pub. L. 89-329, title X, §1003, as added Pub. L. 90-575, title II, §271, Oct. 16, 1968, 82 Stat. 1048, related to selection of grant recipients for improvement of graduate programs, prior to the general revision of this subchapter by Pub. L. 92-318.

AMENDMENTS

1992—Subsec. (b). Pub. L. 102-325 inserted “, particularly minority women,” after “ethnic minorities”.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1135d-1, 1135d-6 of this title.

<sup>1</sup> See References in Text note below.

**§ 1135b-1. Grant recipient selection**

**(a) Establishment of criteria**

Grants under this subpart shall be awarded on the basis of criteria established by the Secretary by regulations.

**(b) Priorities to be given in criteria**

In establishing criteria under subsection (a) of this section, the Secretary shall give priority to applicants which have not previously received funding from the Minority Institutions Science Improvement Program and to previous grantees with a proven record of success, as well as to applications that contribute to achieving balance among projects with respect to geographic region, academic discipline, and project type.

**(c) Required criteria**

In establishing criteria under subsection (a) of this section, the Secretary may consider the following selection criteria in making grants:

- (1) plan of operation;
- (2) quality of key personnel;
- (3) budget and cost effectiveness;
- (4) evaluation plan;
- (5) adequacy of resources;
- (6) identification of need for the project;
- (7) potential institutional impact of the project;
- (8) institutional commitment to the project;
- (9) expected outcomes; and
- (10) scientific and educational value of the proposed project.

(Pub. L. 89-329, title X, §1022, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1561.)

PRIOR PROVISIONS

A prior section 1135b-1, Pub. L. 89-329, title X, §1052, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 316, set forth allotment and reallocation requirements for funds appropriated for programs, prior to repeal by Pub. L. 94-482, title I, §176(c), title II, §204(c)(2), Oct. 12, 1976, 90 Stat. 2165, 2215, eff. Sept. 30, 1977, Oct. 1, 1977.

**§ 1135b-2. Use of funds**

**(a) Types of grants**

Funds appropriated to carry out this subpart may be made available as—

- (1) institutional grants (as defined in section 1135d-5(6) of this title);
- (2) cooperative grants (as defined in section 1135d-5(7) of this title);
- (3) design projects (as defined in section 1135d-5(8) of this title); or
- (4) special projects (as defined in section 1135d-5(9) of this title).

**(b) Authorized uses for each type of grant**

(1) The authorized uses of funds made available as institutional grants include (but are not limited to)—

- (A) faculty development programs; or
- (B) development of curriculum materials.

(2) The authorized uses of funds made available as cooperative grants include (but are not limited to)—

- (A) assisting institutions in sharing facilities and personnel;
- (B) disseminating information about established programs in science and engineering;

(C) supporting cooperative efforts to strengthen the institutions' science and engineering programs; or

(D) carrying out a combination of any of the activities in subparagraphs (A) through (C).

(3) The authorized uses of funds made available as design projects include (but are not limited to)—

(A) developing planning, management, and evaluation systems; or

(B) developing plans for initiating scientific research and for improving institutions' capabilities for such activities.

Funds used for design project grants may not be used to pay more than 50 percent of the salaries during any academic year of faculty members involved in the project.

(4) The authorized uses of funds made available as special projects include (but are not limited to)—

(A) advanced science seminars;

(B) science faculty workshops and conferences;

(C) faculty training to develop specific science research or education skills;

(D) research in science education;

(E) programs for visiting scientists;

(F) preparation of films or audio-visual materials in science;

(G) development of learning experiences in science beyond those normally available to minority undergraduate students;

(H) development of pre-college enrichment activities in science; or

(I) any other activities designed to address specific barriers to the entry of minorities into science.

(Pub. L. 89-329, title X, §1023, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1562.)

#### PRIOR PROVISIONS

A prior section 1135b-2, Pub. L. 89-329, title X, §1053, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 317, set forth requirements for administration of programs by Secretary, prior to repeal by Pub. L. 94-482, title I, §176(c), title II, §204(c)(2), Oct. 12, 1976, 90 Stat. 2165, 2215, eff. Sept. 30, 1987, Oct. 1, 1977.

#### § 1135b-3. Multiagency study of minority science programs

The Secretary, in cooperation with the heads of other departments and agencies that operate programs similar in purposes to the Minority Science Improvement Program which seek to increase minority participation and representation in scientific fields, shall submit a report to the President and Congress summarizing and evaluating such programs by January 1, 1996.

(Pub. L. 89-329, title X, §1024, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1562; amended Pub. L. 102-325, title X, §1002(b), July 23, 1992, 106 Stat. 780.)

#### PRIOR PROVISIONS

Prior sections 1135b-3 to 1135b-9 were repealed by Pub. L. 94-482, title I, §176(c), title II, §204(c)(2), Oct. 12, 1976, 90 Stat. 2165, 2215, eff. Sept. 30, 1977, Oct. 1, 1977.

Section 1135b-3, Pub. L. 89-329, title X, §1054, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 317, set forth responsibilities of Commissioner of Education in the administration of programs.

Section 1135b-4, Pub. L. 89-329, title X, §1055, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 318, set forth requirements for State participation and administration of programs.

Section 1135b-5, Pub. L. 89-329, title X, §1056, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 318, authorized planning grants for State occupational education programs and set forth criteria for State participation.

Section 1135b-6, Pub. L. 89-329, title X, §1057, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 319, authorized program grants for State occupational education programs and set forth criteria for State administration of grants.

Section 1135b-7, Pub. L. 89-329, title X, §1058, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 320, set forth prerequisites and procedures for program grants by Commissioner and provided for judicial review of actions of Commissioner.

Section 1135b-8, Pub. L. 89-329, title X, §1059, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 321, authorized technical assistance to the States by Commissioner and the establishment of model programs.

Section 1135b-9, Pub. L. 89-329, title X, §1060, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 322, defined the terms "State" and "postsecondary occupational education" for purposes of occupational education programs.

#### AMENDMENTS

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to submission of report on minority science programs for provisions relating to submission of list of grantees receiving awards under this part.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### SUBPART 2—SCIENCE AND ENGINEERING ACCESS PROGRAMS

#### § 1135c. Minority support in science and engineering programs

The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support programs for minority students enrolled in science and engineering programs at institutions with a significant minority enrollment (at least 10 percent).

(Pub. L. 89-329, title X, §1031, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1563.)

#### PRIOR PROVISIONS

A prior section 1135c, Pub. L. 89-329, title X, §1021, formerly §1071, as added Pub. L. 92-318, title I, §186(a)(1), June 23, 1972, 86 Stat. 322, established Bureau of Occupational and Adult Education and set forth functions, personnel etc., of the Bureau, prior to repeal by Pub. L. 94-482, title II, §204(c)(3), Oct. 12, 1976, 90 Stat. 2215, eff. Oct. 1, 1977. See section 2390 of this title. Subsequent to repeal, this section was renumbered section 1021 of Pub. L. 89-329 and amended by deleting "this title" by Pub. L. 96-374, title X, §1001(b), Oct. 3, 1980, 94 Stat. 1491.

Another prior section 1135c, Pub. L. 89-329, title X, §1004, as added Pub. L. 90-575, title II, §271, Oct. 16, 1968, 82 Stat. 1048, provided for consultations respecting improvement of graduate programs, prior to the general revision of this subchapter by Pub. L. 92-318.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1135d-6 of this title.

**§ 1135c-1. Special service projects program**

The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support to accredited colleges and universities and professional scientific societies for a broad range of activities designed to eliminate or reduce specific barriers to the entry of minorities into science and technology.

(Pub. L. 89-329, title X, § 1032, as added Pub. L. 99-498, title X, § 1002, Oct. 17, 1986, 100 Stat. 1563.)

**PRIOR PROVISIONS**

A prior section 1135c-1, Pub. L. 89-329, title X, § 1022, formerly § 1072, as added Pub. L. 92-318, title I, § 186(a)(1), June 23, 1972, 86 Stat. 323; amended Pub. L. 96-88, title III, § 301(b)(2), Oct. 17, 1979, 93 Stat. 678, renumbered and amended Pub. L. 96-374, title X, § 1001(b)(1), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1491, 1503; Pub. L. 98-524, § 4(c)(3), Oct. 19, 1984, 98 Stat. 2488, established a Community College Unit in Department of Education, prior to the general revision of this part by Pub. L. 99-498.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1135d, 1135d-6 of this title.

**§ 1135c-2. Supportable activities**

Funds appropriated for the purpose of this subpart may be made available for—

- (1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;
- (2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science or engineering;
- (3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;
- (4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics, and engineering;
- (5) improving access of minority students, particularly minority women, to careers in the sciences, mathematics, and engineering;
- (6) improving access for pre-college minority students to careers in science, mathematics, and engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;
- (7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;
- (8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology; and
- (9) improving the capability of minority institutions for self-assessment, management,

and evaluation of their science, mathematics, and engineering programs and dissemination of their results.

(Pub. L. 89-329, title X, § 1033, as added Pub. L. 99-498, title X, § 1002, Oct. 17, 1986, 100 Stat. 1563; amended Pub. L. 102-325, title X, § 1002(c), July 23, 1992, 106 Stat. 780.)

**AMENDMENTS**

1992—Par. (5). Pub. L. 102-325 inserted “, particularly minority women,” after “minority students”.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**SUBPART 3—ADMINISTRATIVE AND GENERAL PROVISIONS****§ 1135d. Eligibility for grants**

Eligibility to receive grants under this part is limited to—

- (1) public and private nonprofit institutions that are minority institutions (as defined in section 1135d-5(3) of this title);
- (2) nonprofit science-oriented organizations, professional scientific societies, and all nonprofit, accredited colleges and universities which provide a needed service to a group of eligible minority institutions or which provide in-service training for project directors, scientists, and engineers from eligible minority institutions; and
- (3) for the purposes of section 1135c-1 of this title, public and private nonprofit institutions that have at least 10 percent minority enrollment.

(Pub. L. 89-329, title X, § 1041, as added Pub. L. 99-498, title X, § 1002, Oct. 17, 1986, 100 Stat. 1564.)

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1135d-1 of this title.

**§ 1135d-1. Grant application****(a) Submission and contents of applications**

An eligible applicant (as determined under section 1135d of this title) that desires to receive a grant under this part shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

- (1) a program of activities for carrying out one or more of the purposes described in section 1135b(b) of this title in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and
- (2) such other policies, procedures, and assurances as the Secretary may require by regulation.

**(b) Approval based on likelihood of progress**

The Secretary shall approve an application only if the Secretary determines that the application sets forth a program of activities which are likely to make substantial progress toward achieving the purposes of this part.

(Pub. L. 89-329, title X, §1042, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1564.)

**§ 1135d-2. Cross program and cross agency cooperation**

The Minority Science and Engineering Improvement Programs shall cooperate and consult with other programs within the Department and within Federal, State, and private agencies which carry out programs to improve the quality of science, mathematics, and engineering education.

(Pub. L. 89-329, title X, §1043, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1564; amended Pub. L. 102-325, title X, §1002(d), July 23, 1992, 106 Stat. 780.)

AMENDMENTS

1992—Pub. L. 102-325 inserted “and consult” after “cooperate”.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1135d-3. Administrative provisions**

**(a) Technical staff**

The Secretary shall appoint, without regard to the provisions of title 5 governing appointments in the competitive service, not less than 2 technical employees with appropriate scientific and educational background to administer the programs under this part who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

**(b) Procedures for grant review**

The Secretary shall establish procedures for reviewing and evaluating grants and contracts made or entered into under such programs. Procedures for reviewing grant applications, based on the peer review system, or contracts for financial assistance under this subchapter may not be subject to any review outside of officials responsible for the administration of the Minority Science and Engineering Improvement Programs.

(Pub. L. 89-329, title X, §1044, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1564.)

REFERENCES IN TEXT

The provisions of title 5 governing appointments in the competitive service, referred to in subsec. (a), are classified to section 3301 et seq. of Title 5, Government Organization and Employees.

**§ 1135d-4. Repealed. Pub. L. 102-325, title X, § 1002(e), July 23, 1992, 106 Stat. 780**

Section, Pub. L. 89-329, title X, §1045, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1565, related to establishment of Advisory Board for the Minority Science and Engineering Improvement Programs.

EFFECTIVE DATE OF REPEAL

Section repealed effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1135d-5. Definitions**

For the purpose of this part—

(1) The term “accredited” means currently certified by a nationally recognized accrediting agency or making satisfactory progress toward achieving accreditation.

(2) The term “minority” means American Indian, Alaskan Native, Black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin), Pacific Islander or other ethnic group underrepresented in science and engineering.

(3) The term “minority institution” means an institution of higher education whose enrollment of a single minority or a combination of minorities (as defined in paragraph (2)) exceeds 50 percent of the total enrollment. The Secretary shall verify this information from the data on enrollments in the higher education general information surveys (HEGIS) furnished by the institution to the Office for Civil Rights, Department of Education.

(4) The term “science” means, for the purpose of this program, the biological, engineering, mathematical, physical, and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.

(5) The term “underrepresented in science and engineering” means a minority group whose number of scientists and engineers per 10,000 population of that group is substantially below the comparable figure for scientists and engineers who are white and not of Hispanic origin.

(6) The term “institutional grant” means a grant that supports the implementation of a comprehensive science improvement plan, which may include any combination of activities for improving the preparation of minority students for careers in science.

(7) The term “cooperative grant” means a grant that assists groups of nonprofit accredited colleges and universities to work together to conduct a science improvement program.

(8) The term “design projects” means projects that assist minority institutions that do not have their own appropriate resources or personnel to plan and develop long-range science improvement programs.

(9) The term “special projects” means—

(A) a special project grant to a minority institution which support activities that—

(i) improve the quality of training in science and engineering at minority institutions; or

(ii) enhance the minority institutions’ general scientific research capabilities; or

(B) a special project grant to any eligible applicant which supports activities that—

(i) provide a needed service to a group of eligible minority institutions; or

(ii) provide in-service training for project directors, scientists, and engineers from eligible minority institutions.

(Pub. L. 89-329, title X, §1046, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1566.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1135b-2, 1135d, 1135e-2 of this title; title 10 section 2323.

**§ 1135d-6. Authorization of appropriations****(a) Authorizations**

There are authorized to be appropriated to carry out the purposes of this part, \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

**(b) Appropriation limitation**

For any fiscal year, 50 percent of the funds appropriated for this part shall be allocated for the purpose of section 1135b of this title, 33.33 percent for the purpose of section 1135c of this title, and 16.67 percent for the purpose of section 1135c-1 of this title.

(Pub. L. 89-329, title X, §1047, as added Pub. L. 99-498, title X, §1002, Oct. 17, 1986, 100 Stat. 1567; amended Pub. L. 100-418, title VI, §6221, Aug. 23, 1988, 102 Stat. 1518; Pub. L. 102-325, title X, §1002(f), July 23, 1992, 106 Stat. 780.)

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, substituting provisions authorizing appropriations for fiscal years 1993 to 1997 for provisions authorizing appropriations for fiscal years 1987 to 1991.

1988—Subsec. (c). Pub. L. 100-418 added subsec. (c).

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**PART C—WOMEN AND MINORITIES SCIENCE AND ENGINEERING OUTREACH DEMONSTRATION PROGRAM****PART REFERRED TO IN OTHER SECTIONS**

This part is referred to in section 1112d of this title.

**§ 1135e. Purpose**

It is the purpose of this part to provide grants to institutions working in partnership with elementary and secondary schools to establish outreach programs for female and minority elementary and secondary school students to increase the participation of those students in science and engineering undergraduate and graduate degree programs.

(Pub. L. 89-329, title X, §1061, as added Pub. L. 99-498, title X, §1003, Oct. 17, 1986, 100 Stat. 1567; amended Pub. L. 102-325, title X, §1003, July 23, 1992, 106 Stat. 781.)

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, substituting provisions relating to purpose of women and minorities science and engineering outreach demonstration programs for provisions relating to purpose of innovative projects for community services and student financial independence.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1135e-1. Program authorized**

The Secretary shall, in accordance with the provision of this part, award grants to eligible institutions to enable such eligible institutions to pay the Federal share of the costs of carrying

out a program that is designed to enhance, coordinate, develop, and expand programs and initiatives which identify and encourage female and minority elementary and secondary school students to pursue higher education in preparation for careers in science and engineering.

(Pub. L. 89-329, title X, §1062, as added Pub. L. 99-498, title X, §1003, Oct. 17, 1986, 100 Stat. 1567; amended Pub. L. 102-325, title X, §1003, July 23, 1992, 106 Stat. 781.)

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, substituting provisions authorizing grants for women and minority science and engineering programs for provisions authorizing grants for innovative projects for community services and student financial independence.

**EFFECTIVE DATE OF 1992 AMENDMENT**

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1135e-2. Eligible institutions****(a) “Eligible institution” defined**

For the purpose of this part the term “eligible institution” means an institution of higher education which—

- (1) has science and engineering programs;
- (2) has female and minority enrollment and retention rates significantly higher than the national averages of such rates, but does not meet the definition of “minority institution” set forth in section 1135d-5(3) of this title;
- (3) demonstrates its ability to conduct outreach activities in science and engineering to female and minority students at the elementary and secondary school levels;
- (4) incorporates the use of advanced telecommunications equipment, including fiber optics and interactive video systems, to improve the development of intermodal programs targeted toward female and minority students;
- (5) enters into a partnership agreement with a local educational agency and at least 1 local business or industry; and
- (6) describes in the application submitted pursuant to section 1135e-4 of this title the duties of each partner entering into the partnership agreement described in paragraph (5).

**(b) Limitation**

The Secretary shall award at least 40 percent of the total funds made available under this section in any fiscal year to eligible institutions located in any of the Nation's ten largest metropolitan statistical areas.

(Pub. L. 89-329, title X, §1063, as added Pub. L. 99-498, title X, §1003, Oct. 17, 1986, 100 Stat. 1567; amended Pub. L. 102-325, title X, §1003, July 23, 1992, 106 Stat. 781.)

**AMENDMENTS**

1992—Pub. L. 102-325 amended section generally, substituting provisions defining “eligible institution” and requiring award of funds to institutions located in certain areas for provisions authorizing appropriations for innovative projects for community services and student financial independence.

## EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

**§ 1135e-3. Amount, duration, and use of funds****(a) Amount and duration of grants**

Grants under this part shall be provided in an amount which is not less than \$500,000 in a single fiscal year, and shall be continued for a period not to exceed 5 fiscal years.

**(b) Use of grants**

Grants provided under this section may be used for—

- (1) the operation and administration of outreach programs to elementary and secondary school students;
- (2) faculty development programs in support of outreach programs;
- (3) curriculum development in support of the outreach programs;
- (4) disseminating information about the outreach programs to elementary and secondary schools and institutions of higher education;
- (5) supporting cooperative efforts with elementary and secondary schools, community groups, business and industry, and other education-related groups, to expand the scope of the outreach programs; and
- (6) establishing infrastructure necessary to operate programs, specifically including telecommunications equipment providing distance learning capabilities.

(Pub. L. 89-329, title X, § 1064, as added Pub. L. 102-325, title X, § 1003, July 23, 1992, 106 Stat. 782.)

## EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1135e-7 of this title.

**§ 1135e-4. Application**

To receive a grant under this part, an eligible institution shall submit an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall contain a description of the goals of the activities to be assisted.

(Pub. L. 89-329, title X, § 1065, as added Pub. L. 102-325, title X, § 1003, July 23, 1992, 106 Stat. 782.)

## EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1135e-2, 1135e-5 of this title.

**§ 1135e-5. Evaluation****(a) Independent annual evaluation**

The Secretary shall provide for the annual independent evaluation of activities assisted

under this part to determine their effectiveness in providing—

- (1) the operation and administration of outreach programs to elementary and secondary school students;
- (2) faculty development programs in support of outreach programs;
- (3) curriculum development in support of the outreach programs;
- (4) disseminating information about the outreach programs to elementary and secondary schools and institutions of higher education;
- (5) supporting cooperative efforts with elementary and secondary schools, community groups, business and industry, and other education-related groups, to expand the scope of outreach programs; and
- (6) establishing infrastructure necessary to operate programs, specifically including telecommunications equipment providing distance learning capabilities.

**(b) Evaluations****(1) Conduct and criteria**

Each evaluation described in subsection (a) of this section shall be conducted by individuals not directly involved in the administration of the activities assisted under this part. Such independent evaluators and the program administrators shall jointly develop evaluation criteria which provide for appropriate analysis of the factors described in subsection (a) of this section. When possible, each evaluation shall include comparisons with appropriate control groups.

**(2) Program effectiveness**

In order to determine the effectiveness of assistance provided under this part in achieving the goals stated in the application described in section 1135e-4 of this title, each evaluation described in subsection (a) of this section shall contain objective measures of such goals and, where feasible, shall obtain the specific views of participants about the activities assisted under this part.

**(c) Report to Congress and dissemination**

The Secretary shall prepare and submit to the Congress a review and summary of the results of the evaluations described in subsection (a) of this section not later than September 30, 1997.

(Pub. L. 89-329, title X, § 1066, as added Pub. L. 102-325, title X, § 1003, July 23, 1992, 106 Stat. 782.)

## EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1135e-8 of this title.

**§ 1135e-6. Federal share**

The Federal share of the costs of activities assisted under this part shall be 90 percent of the costs of such activities in the first year an eligible institution receives a grant under this part, 80 percent of such cost in the second such year, 70 percent of such cost in the third such year, 60

percent of such cost in the fourth such year, and 50 percent of such costs in the fifth such year. The remaining funds shall be provided from non-Federal sources.

(Pub. L. 89-329, title X, §1067, as added Pub. L. 102-325, title X, §1003, July 23, 1992, 106 Stat. 783.)

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### § 1135e-7. Supplement not supplant

An eligible institution may use funds received under this part only so as to supplement and, to the extent practicable, increase the level of funds that would be available from non-Federal sources for the activities described in section 1135e-3(b) of this title and in no case may such funds be so used as to supplant such funds from such non-Federal sources.

(Pub. L. 89-329, title X, §1068, as added Pub. L. 102-325, title X, §1003, July 23, 1992, 106 Stat. 783.)

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

### § 1135e-8. Authorization of appropriations

There are authorized to be appropriated to carry out this part, \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years. Not more than 3 percent of the amount appropriated for this part in any fiscal year may be used for purposes of section 1135e-5 of this title.

(Pub. L. 89-329, title X, §1069, as added Pub. L. 102-325, title X, §1003, July 23, 1992, 106 Stat. 783.)

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

#### PART D—DWIGHT D. EISENHOWER LEADERSHIP PROGRAM

### § 1135f. Short title; establishment of program

#### (a) Short title

This part may be cited as the “Dwight D. Eisenhower Leadership Development Act of 1992”.

#### (b) Establishment of program

##### (1) In general

The Secretary shall establish a program to be known as the “Dwight D. Eisenhower Leadership Development Program”.

##### (2) Special rule

The program assisted under this part shall be established in conjunction with institutions of higher education which are specially prepared to undertake the development of new generations of leaders in the areas of national and international affairs.

#### (c) Functions of program

The functions of the program assisted under this part shall include—

(1) stimulating and supporting the development of leadership skills among new generations of American college students;

(2) directing a national program that identifies, recruits, inspires, and educates outstanding young men and women regarding leadership roles in a wide variety of fields in both the public and private sectors;

(3) offering opportunities for young American leaders who meet the requirements of section 1091(a) of this title and who are broadly representative of the population of the United States to benefit from internships in national and international organizations, with special attention being given to establishing such opportunities in developing countries;

(4) developing curriculum for secondary and postsecondary education;

(5) developing a prototype for understanding and teaching critical leadership skills to young Americans and encouraging institutions of higher education to establish similar leadership programs throughout the United States and abroad; and

(6) stimulating the theoretical and practical study of leadership and leadership development to develop both a better understanding of leadership and improved methods to teach critical skills to young adults.

#### (d) Operation of program

The Secretary is authorized to make grants to or enter into cooperative agreements, contracts, or leases with institutions of higher education (as defined in section 1141 of this title), or with nonprofit private organizations in consortia with such institutions, to operate the program assisted under this part.

#### (e) Authorization of appropriations

There are authorized to be appropriated \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out this part.

(Pub. L. 89-329, title X, §1081, formerly §1181, as added Pub. L. 102-325, title X, §1004, July 23, 1992, 106 Stat. 783; renumbered §1081 and amended Pub. L. 103-208, §2(j)(44), (45), Dec. 20, 1993, 107 Stat. 2485.)

#### AMENDMENTS

1993—Subsec. (d). Pub. L. 103-208, §2(j)(45), inserted a comma after “this title” and after “such institutions”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

PART E—GRANTS TO STATES FOR WORKPLACE  
AND COMMUNITY TRANSITION TRAINING FOR IN-  
CARCERATED YOUTH OFFENDERS

**§ 1135g. Grants to States for workplace and community transition training for incarcerated youth offenders**

**(a) Findings**

The Congress finds the following:

(1) Over 150,000 youth offenders age 21 and younger are incarcerated in the Nation's jails, juvenile facilities, and prisons.

(2) Most youth offenders who are incarcerated have been sentenced as first-time adult felons.

(3) Approximately 75 percent of youth offenders are high school dropouts who lack basic literacy and life skills, have little or no job experience, and lack marketable skills.

(4) The average incarcerated youth has attended school only through grade 10.

(5) Most of these youths can be diverted from a life of crime into productive citizenship with available educational, vocational, work skills, and related service programs.

(6) If not involved with educational programs while incarcerated, almost all of these youths will return to a life of crime upon release.

(7) The average length of sentence for a youth offender is about 3 years. Time spent in prison provides a unique opportunity for education and training.

(8) Even with quality education and training provided during incarceration, a period of intense supervision, support, and counseling is needed upon release to ensure effective reintegration of youth offenders into society.

(9) Research consistently shows that the vast majority of incarcerated youths will not return to the public schools to complete their education.

(10) There is a need for alternative educational opportunities during incarceration and after release.

**(b) "Youth offender" defined**

For purposes of this part, the term "youth offender" means a male or female offender under the age of 25, who is incarcerated in a State prison, including a prerelease facility.

**(c) Grant program**

The Secretary shall establish a program in accordance with this section to provide grants to the State correctional education agencies to assist and encourage incarcerated youths to acquire functional literacy, life, and job skills, through the pursuit of a postsecondary education certificate, or an associate of arts or bachelor's degree while in prison, and employment counseling and other related services which start during incarceration and continue through prerelease and while on parole.

**(d) Application**

To be eligible for a grant under this section, a State correctional education agency shall submit to the Secretary a proposal for a youth offender program that—

(1) identifies the scope of the problem, including the number of incarcerated youths in

need of postsecondary education and vocational training;

(2) lists the accredited public or private educational institution or institutions that will provide postsecondary educational services;

(3) lists the cooperating agencies, public and private, or businesses that will provide related services, such as counseling in the areas of career development, substance abuse, health, and parenting skills;

(4) describes the evaluation methods and performance measures that the State correctional education agency will employ, provided that such methods and measures are appropriate to meet the goals and objectives of the proposal, and that such methods and measures include measures of—

(A) program completion;

(B) student academic and vocational skill attainment;

(C) success in job placement and retention; and

(D) recidivism;

(5) describes how the proposed programs are to be integrated with existing State correctional education programs (such as adult education, graduate education degree programs, and vocational training) and State industry programs;

(6) addresses the educational needs of youth offenders who are in alternative programs (such as boot camps); and

(7) describes how students will be selected so that only youth offenders eligible under subsection (f) of this section will be enrolled in postsecondary programs.

**(e) Program requirements**

Each State correctional education agency receiving a grant under this section shall—

(1) integrate activities carried out under the grant with the objectives and activities of the school-to-work programs of such State, including—

(A) work experience or apprenticeship programs;

(B) transitional worksite job training for vocational education students that is related to the occupational goals of such students and closely linked to classroom and laboratory instruction;

(C) placement services in occupations that the students are preparing to enter;

(D) employment-based learning programs; and

(E) programs that address State and local labor shortages;

(2) annually report to the Secretary and the Attorney General on the results of the evaluations conducted using the methods and performance measures contained in the proposal; and

(3) provide to each State for each student eligible under subsection (f) of this section not more than \$1,500 annually for tuition, books, and essential materials, and not more than \$300 annually for related services such as career development, substance abuse counseling, parenting skills training, and health education, for each eligible incarcerated youth.



**(f) Student eligibility**

A youth offender shall be eligible for participation in a program receiving a grant under this section if the youth offender—

- (1) is eligible to be released within five years (including a youth offender who is eligible for parole within such time); and
- (2) is 25 years of age or younger.

**(g) Length of participation**

A State correctional education agency receiving a grant under this section shall provide educational and related services to each participating youth offender for a period not to exceed 5 years, 1 year of which may be devoted to study in a graduate education degree program or to remedial education services for students who have obtained a secondary school diploma. Educational and related services shall start during the period of incarceration in prison or pre-release and may continue during the period of parole.

**(h) Education delivery systems**

State correctional education agencies and co-operating institutions shall, to the extent practicable, use high-tech applications in developing programs to meet the requirements and goals of this section.

**(i) Allocation of funds**

From the amounts appropriated pursuant to subsection (j) of this section, the Secretary shall allot to each State an amount that bears the same relationship to such funds as the total number of students eligible under subsection (f) of this section in such State bears to the total number of such students in all States.

**(j) Authorization of appropriations**

There are authorized to be appropriated to carry out this section \$5,000,000 for fiscal year 1995 and such sums as may be necessary for fiscal year 1996 and each of the four succeeding fiscal years.

(Pub. L. 89-329, title X, §1091, as added Pub. L. 103-382, title III, §360D, Oct. 20, 1994, 108 Stat. 3972.)

## SUBCHAPTER XI—COMMUNITY SERVICE PROGRAMS

### CODIFICATION

Title XI of the Higher Education Act of 1965, comprising this subchapter, was originally enacted by Pub. L. 89-329, title XI, as added Pub. L. 90-575, title II, §281, Oct. 16, 1968, 82 Stat. 1048; amended Pub. L. 92-318, June 23, 1972, 86 Stat. 235; Pub. L. 94-482, Oct. 12, 1976, 90 Stat. 2081; Pub. L. 96-49, Aug. 13, 1979, 93 Stat. 351; Pub. L. 96-374, Oct. 3, 1980, 94 Stat. 1367; Pub. L. 99-498, Oct. 17, 1986, 100 Stat. 1268. Such title is shown herein, however, as having been added by Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 784, without reference to such intervening amendments because of the extensive revision of title XI by Pub. L. 102-325.

### PART A—URBAN COMMUNITY SERVICE

**§ 1136. Findings**

The Congress finds that—

- (1) the Nation's urban centers are facing increasingly pressing problems and needs in the areas of economic development, community

infrastructure and service, social policy, public health, housing, crime, education, environmental concerns, planning and work force preparation;

- (2) there are, in the Nation's urban institutions, people with underutilized skills, knowledge, and experience who are capable of providing a vast range of services toward the amelioration of the problems described in paragraph (1);

- (3) the skills, knowledge and experience in these urban institutions, if applied in a systematic and sustained manner, can make a significant contribution to the solution of such problems; and

- (4) the application of such skills, knowledge and experience is hindered by the limited funds available to redirect attention to solutions to such urban problems.

(Pub. L. 89-329, title XI, §1101, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 784.)

#### PRIOR PROVISIONS

A prior section 1136, Pub. L. 89-329, title XI, §1101, as added Pub. L. 99-498, title XI, §1101, Oct. 17, 1986, 100 Stat. 1568, stated Congressional findings and purpose relating to partnerships for economic development, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1136, Pub. L. 89-329, title XI, §1101, as added Pub. L. 96-374, title XI, §1101, Oct. 3, 1980, 94 Stat. 1491, stated Congressional findings and declaration of purpose, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1136, Pub. L. 89-329, title XI, §1101, as added Pub. L. 90-575, title II, §281, Oct. 16, 1968, 82 Stat. 1048; amended Pub. L. 92-318, title I, §191(a), (b), June 23, 1972, 86 Stat. 323, authorized a program for grants and contracts covering the establishment of a law school clinical experiences regimen, prior to the general revision of this subchapter by Pub. L. 96-374.

#### EFFECTIVE DATE

Subchapter effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1136a. Purpose; program authorized****(a) Purpose**

It is the purpose of this part to provide incentives to urban academic institutions to enable such institutions to work with private and civic organizations to devise and implement solutions to pressing and severe problems in their communities.

**(b) Program authorized**

The Secretary is authorized to carry out a program of providing assistance to eligible institutions to enable such institutions to carry out the activities described in section 1136c of this title in accordance with the provisions of this part.

(Pub. L. 89-329, title XI, §1102, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 785.)

#### PRIOR PROVISIONS

A prior section 1136a, Pub. L. 89-329, title XI, §1102, as added Pub. L. 99-498, title XI, §1101, Oct. 17, 1986, 100 Stat. 1568, related to use of economic development

funds, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1136a, Pub. L. 89-329, title XI, §1102, as added Pub. L. 96-374, title XI, §1101, Oct. 3, 1980, 94 Stat. 1491, authorized appropriations for fiscal years 1981 to 1985 for urban grant university program, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1136a, Pub. L. 89-329, title XI, §1102, as added Pub. L. 90-575, title II, §281, Oct. 16, 1968, 82 Stat. 1048; amended Pub. L. 92-318, title I, §191(a), June 23, 1972, 86 Stat. 323, related to required applications for participation in law school clinical experiences program, prior to the general revision of this subchapter by Pub. L. 96-374.

### **§ 1136b. Application for urban community service grants**

#### **(a) Application**

##### **(1) In general**

An eligible institution seeking assistance under this part shall submit to the Secretary an application at such time, in such form, and containing or accompanied by such information and assurances as the Secretary may require by regulation.

##### **(2) Contents**

Each application submitted pursuant to paragraph (1) shall—

- (A) describe the activities and services for which assistance is sought; and
- (B) include a plan that is agreed to by the members of a consortium that includes, in addition to the eligible institution, one or more of the following entities:
  - (i) A community college.
  - (ii) An urban school system.
  - (iii) A local government.
  - (iv) A business or other employer.
  - (v) A nonprofit institution.

##### **(3) Waiver**

The Secretary may waive the consortium requirements described in paragraph (2) for any applicant who can demonstrate to the satisfaction of the Secretary that the applicant has devised an integrated and coordinated plan which meets the purpose of this part.

#### **(b) Priority in selection of applications**

The Secretary shall give priority to applications that propose to conduct joint projects supported by other local, State, and Federal programs.

#### **(c) Selection procedures**

The Secretary shall, by regulation, develop a formal procedure for the submission of applications under this part and shall publish in the Federal Register an announcement of that procedure and the availability of funds under this part.

(Pub. L. 89-329, title XI, §1103, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 785.)

#### **PRIOR PROVISIONS**

A prior section 1136b, Pub. L. 89-329, title XI, §1103, as added Pub. L. 99-498, title XI, §1101, Oct. 17, 1986, 100 Stat. 1569, related to requirements for economic development grant applications, prior to the general revision of this subchapter by Pub. L. 102-325.

Another prior section 1136b, Pub. L. 89-329, title XI, §1103, as added Pub. L. 96-374, title XI, §1101, Oct. 3, 1980, 94 Stat. 1492, authorized grants to urban universities, prior to the general revision of this subchapter by Pub. L. 99-498.

Another prior section 1136b, Pub. L. 89-329, title XI, §1103, as added Pub. L. 90-575, title II, §281, Oct. 16, 1968, 82 Stat. 1049; amended Pub. L. 92-318, title I, §191(c), June 23, 1972, 86 Stat. 323; Pub. L. 94-482, title I, §172, Oct. 12, 1976, 90 Stat. 2164; Pub. L. 96-49, §11, Aug. 13, 1979, 93 Stat. 354, authorized appropriations for the law school clinical experiences program, prior to the general revision of this subchapter by Pub. L. 96-374.

#### **SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 1136c, 1136g of this title.

### **§ 1136c. Allowable activities**

Funds made available under this part shall be used to support planning, applied research, training, resource exchanges or technology transfers, the delivery of services, or other activities the purpose of which is to design and implement programs to assist urban communities to meet and address their pressing and severe problems, such as the following:

- (1) Work force preparation.
- (2) Urban poverty and the alleviation of such poverty.
- (3) Health care, including delivery and access.
- (4) Underperforming school systems and students.
- (5) Problems faced by the elderly and individuals with disabilities in urban settings.
- (6) Problems faced by families and children.
- (7) Campus and community crime prevention, including enhanced security and safety awareness measures as well as coordinated programs addressing the root causes of crime.
- (8) Urban housing.
- (9) Urban infrastructure.
- (10) Economic development.
- (11) Urban environmental concerns.
- (12) Other problem areas which participants in the consortium described in section 1136b(a)(2)(B) of this title concur are of high priority in the urban area.
- (13)(A) Problems faced by individuals with disabilities regarding accessibility to institutions of higher education and other public and private community facilities.
- (B) Amelioration of existing attitudinal barriers that prevent full inclusion by individuals with disabilities with their community.

(Pub. L. 89-329, title XI, §1104, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 786.)

#### **PRIOR PROVISIONS**

A prior section 1136c, Pub. L. 89-329, title XI, §1104, as added Pub. L. 96-374, title XI, §1101, Oct. 3, 1980, 94 Stat. 1492, placed geographical limitations on assistance to urban universities, prior to the general revision of this subchapter by Pub. L. 99-498.

#### **SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1136a of this title.

### **§ 1136d. Peer review**

The Secretary shall designate a peer review panel to review applications submitted under

this part and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary may consult with other appropriate Cabinet-level officials and with non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of representatives from public and private institutions of higher education, labor, business, State and local government, who have expertise in urban community service or in education.

(Pub. L. 89-329, title XI, §1105, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 786.)

#### PRIOR PROVISIONS

A prior section 1136d, Pub. L. 89-329, title XI, §1105, as added Pub. L. 96-374, title XI, §1101, Oct. 3, 1980, 94 Stat. 1492, defined terms used in this subchapter, prior to the general revision of this subchapter by Pub. L. 99-498.

### § 1136e. Disbursement of funds

#### (a) Multiyear availability

Subject to the availability of appropriations, grants under this part may be made on a multi-year basis, except that no institution, individually or as a participant in a consortium of such institutions, may receive such a grant for more than 5 years.

#### (b) Equitable geographic distribution

The Secretary shall award grants under this part in a manner that achieves equitable geographic distribution of such grants.

#### (c) Matching requirement

An applicant under this part and the local governments associated with its application shall contribute to the conduct of the program supported by the grant an amount from non-Federal funds equal to at least one-fourth of the amount of the grant, which contribution may be in cash or in kind.

(Pub. L. 89-329, title XI, §1106, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 786; amended Pub. L. 103-208, §2(j)(46), Dec. 20, 1993, 107 Stat. 2485.)

#### AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208 substituted “may receive such a grant” for “may receive a grant”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

### § 1136f. Designation of Urban Grant Institutions

The Secretary shall publish a list of eligible institutions under this part and shall designate these institutions of higher education as “Urban Grant Institutions”. The Secretary shall establish a national network of Urban Grant Institutions so that the results of individual projects achieved in one metropolitan area can then be generalized, disseminated, replicated and applied throughout the Nation.

(Pub. L. 89-329, title XI, §1107, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 787.)

### § 1136g. Definitions

As used in this part:

#### (1) Urban area

The term “urban area” means a metropolitan statistical area having a population of not less than 350,000, or two contiguous metropolitan statistical areas having a population of not less than 350,000, or, in any State which does not have a metropolitan statistical area which has such a population, the entity of the State having an agreement or submitting an application under section 1136b of this title, or, if no such entity has an agreement, the Secretary shall designate one urban area for the purposes of this part.

#### (2) Eligible institution

The term “eligible institution” means—

(A) a nonprofit municipal university, established by the governing body of the city in which it is located, and operating as of July 23, 1992, under that authority; or

(B) an institution of higher education, or a consortium of such institutions any one of which meets all of the requirements of this paragraph, which—

(i) is located in an urban area;

(ii) draws a substantial portion of its undergraduate students from the urban area in which such institution is located, or from contiguous areas;

(iii) carries out programs to make post-secondary educational opportunities more accessible to residents of such urban area, or contiguous areas;

(iv) has the present capacity to provide resources responsive to the needs and priorities of such urban area and contiguous areas;

(v) offers a range of professional, technical, or graduate programs sufficient to sustain the capacity of such institution to provide such resources; and

(vi) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and the people of such areas.

(Pub. L. 89-329, title XI, §1108, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 787.)

### § 1136h. Authorization of appropriations

There are authorized to be appropriated \$20,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this part.

(Pub. L. 89-329, title XI, §1109, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 787.)

#### PART B—INNOVATIVE PROJECTS

##### SUBPART 1—INNOVATIVE PROJECTS FOR COMMUNITY SERVICE

##### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in section 1139 of this title.

### § 1137. Statement of purpose

It is the purpose of this subpart to support innovative projects in order to encourage student

participation in community service projects, including literacy projects.

(Pub. L. 89-329, title XI, § 1121, as added Pub. L. 102-325, title XI, § 1101, July 23, 1992, 106 Stat. 788.)

#### PRIOR PROVISIONS

A prior section 1137, Pub. L. 89-329, title XI, § 1111, as added Pub. L. 99-498, title XI, § 1101, Oct. 17, 1986, 100 Stat. 1570, related to the purpose of urban community service program, prior to the general revision of this subchapter by Pub. L. 102-325.

### § 1137a. Innovative projects for community service

#### (a) Program authorized

##### (1) In general

The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to and enter into contracts with institutions of higher education (including combinations of such institutions) and with such other public agencies and nonprofit private organizations as the Secretary deems necessary for innovative projects designed to carry out the purpose of this subpart.

##### (2) Projects

The projects described in paragraph (1) may—

- (A) support research regarding the effects of student community service organizations;
- (B) provide assistance to student organizations that work with community service organizations;
- (C) support linkages between youth corps programs, as described in section 12572(a)(2) of title 42 and institutions of higher education; and
- (D) support innovative student service programs.

#### (b) Applications

No grant may be made and no contract may be entered into under this section unless an application is made at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

#### (c) Applicable procedures

##### (1) Procedures

No application may be approved under subsection (b) of this section unless the National Board of the Fund for Improvement of Post-secondary Education, under procedures established by the Director of such Fund, approves the application.

##### (2) Special rule

The provisions of section 1135a-1(b) of this title shall apply to grants made under this subpart.

#### (d) “Community service” defined

For the purpose of this subpart, the term “community service” means planned, supervised services designed to improve the quality of life for community residents, particularly community residents with low income, or to assist in the solution of particular problems related to the needs of such residents.

(Pub. L. 89-329, title XI, § 1122, as added Pub. L. 102-325, title XI, § 1101, July 23, 1992, 106 Stat. 788; amended Pub. L. 103-82, title I, § 111(b)(4), Sept. 21, 1993, 107 Stat. 860.)

#### PRIOR PROVISIONS

Prior sections 1137a and 1137b were omitted in the general revision of this subchapter by Pub. L. 102-325.

Section 1137a, Pub. L. 89-329, title XI, § 1112, as added Pub. L. 99-498, title XI, § 1101, Oct. 17, 1986, 100 Stat. 1570, related to use of urban community service funds.

Section 1137b, Pub. L. 89-329, title XI, § 1113, as added Pub. L. 99-498, title XI, § 1101, Oct. 17, 1986, 100 Stat. 1570, related to contents for applications for urban community services projects.

#### AMENDMENTS

1993—Subsec. (a)(2)(C). Pub. L. 103-82 substituted “youth corps programs, as described in section 12572(a)(2) of title 42” for “youth corps as defined in section 12511(30) of title 42”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-82 effective Oct. 1, 1993, see section 123 of Pub. L. 103-82, set out as a note under section 1701 of Title 16, Conservation.

#### SUBPART 2—STUDENT LITERACY CORPS AND STUDENT MENTORING CORPS

#### SUBPART REFERRED TO IN OTHER SECTIONS

This subpart is referred to in section 1139 of this title.

### § 1138. Purpose

It is the purpose of this subpart to provide financial assistance to institutions of higher education to promote the development of literacy corps programs and mentoring corps programs to be operated by institutions of higher education in public community agencies in the communities in which such institutions are located.

(Pub. L. 89-329, title XI, § 1141, as added Pub. L. 102-325, title XI, § 1101, July 23, 1992, 106 Stat. 788.)

#### PRIOR PROVISIONS

A prior section 1138, Pub. L. 89-329, title XI, § 1121, as added Pub. L. 99-498, title XI, § 1101, Oct. 17, 1986, 100 Stat. 1571, related to administrative provisions, prior to the general revision of this subchapter by Pub. L. 102-325.

### § 1138a. Literacy corps program and mentoring corps program

#### (a) General authority

From the amount appropriated for this subpart pursuant to section 1139 of this title for any fiscal year, the Secretary is authorized, in accordance with the provisions of this subpart, to make grants to institutions of higher education for not more than 4 years to pay the Federal share of the cost of carrying out a student literacy corps program or a student mentoring corps program.

#### (b) Limitation

An institution of higher education shall only receive 1 grant under this subpart in each fiscal year.

#### (c) Continuation of literacy or mentoring program

Grants under this section are renewable upon application by the institution of higher edu-

cation in accordance with section 1138c of this title.

**(d) Federal share**

**(1) In general**

The Federal share of carrying out a student literacy corps program or a student mentoring corps program under this subpart shall be—

(A) not more than 100 percent for an initial grant to an institution of higher education; and

(B) not more than 75 percent for a grant renewed under subsection (c) of this section.

**(2) Non-Federal share**

The non-Federal share of carrying out a student literacy corps program or a student mentoring corps program under this subpart may be paid from any non-Federal sources.

(Pub. L. 89-329, title XI, §1142, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 789; amended Pub. L. 103-208, §2(j)(47), Dec. 20, 1993, 107 Stat. 2485.)

**PRIOR PROVISIONS**

A prior section 1138a, Pub. L. 89-329, title XI, §1122, as added Pub. L. 99-498, title XI, §1101, Oct. 17, 1986, 100 Stat. 1571, authorized appropriations to carry out parts A and B of this subchapter, prior to the general revision of this subchapter by Pub. L. 102-325.

**AMENDMENTS**

1993—Subsec. (d)(2). Pub. L. 103-208 inserted “program” after “literacy corps”.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**§ 1138b. Uses of funds**

**(a) In general**

Funds made available under this subpart may be used for—

(1) grants to institutions of higher education for—

(A) the costs of participation of institutions of higher education in the student literacy corps program or student mentoring corps program for which assistance is sought; and

(B) stipends for student coordinators engaged in the student literacy corps program or student mentoring corps program for which assistance is sought; and

(2) technical assistance, collection and dissemination of information, and evaluation in accordance with section 1138d of this title.

**(b) Limitations**

No grant under this subpart to an institution of higher education may exceed \$100,000. No institution of higher education may expend more than \$35,000 of a grant made under this subpart in the first year in which the institution receives such a grant.

(Pub. L. 89-329, title XI, §1143, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 789.)

**PRIOR PROVISIONS**

A prior section 1138b, Pub. L. 89-329, title XI, §1123, as added Pub. L. 99-498, title XI, §1101, Oct. 17, 1986, 100 Stat. 1571, defined terms as used in this subchapter, prior to the general revision of this subchapter by Pub. L. 102-325.

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1138c of this title.

**§ 1138c. Applications**

**(a) Application required**

Each institution of higher education desiring to receive a grant under this subpart shall submit an application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

**(b) Contents of application**

**(1) Literacy corps**

Each application to conduct a student literacy corps program under this subpart shall—

(A) contain assurances that the institution will use the grant in accordance with section 1138b of this title;

(B) contain adequate assurances that—

(i) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students in various academic departments such as social sciences, economics, and education with experience as tutors;

(ii) such individuals will be required, as a condition of receiving credit in such course, to perform, for each credit, not less than 2 hours a week, of voluntary, uncompensated service during the academic term in a public community agency as a tutor in such agency's educational or literacy program;

(iii) such tutoring service will be supplementary to the existing instructional services, offered in a structured classroom setting, and furnished under the supervision of qualified personnel; and

(iv) the institution will locate such tutoring services in one or more public community agencies which serve educationally or economically disadvantaged individuals, and will give priority in providing tutoring services to—

(I) educationally disadvantaged students receiving services under title I of the Elementary and Secondary Education Act of 1965 [20 U.S.C. 6301 et seq.];

(II) students with disabilities; and

(III) illiterate parents of educationally or economically disadvantaged elementary school students, with special emphasis on single-parent households; and

(C) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subpart, in community service activities, including the conduct of a cooperative education program; and

(D) contain such other assurances as the Secretary may reasonably require.

**(2) Mentoring corps**

Each application to conduct a student mentoring corps program under this subpart shall—

(A) contain assurances that the institution will use the grant in accordance with this section;

(B) contain adequate assurances that—

(i) the institution has established 1 or more courses of instruction for academic credit which are designed to combine the training of undergraduate students of various academic departments with experience as mentors;

(ii) such individuals will be required, as a condition of receiving credit in such course, to perform not less than 60 hours of voluntary, uncompensated service during the academic term as a mentor to economically disadvantaged children and youth;

(iii) such mentoring will be complementary to the existing instructional services offered in a structured classroom setting, and will include structured and informal activities geared towards improving the academic, social and emotional development of children in the programs;

(iv) the institution will locate public community agencies or elementary or secondary schools which serve educationally or economically disadvantaged youth and will give priority in providing mentoring services to economically disadvantaged children and youth through community-based organizations or elementary or secondary schools;

(C) demonstrate that the institution of higher education has participated, prior to applying for a grant under this subpart, in community service activities, including the conduct of a cooperative education program; and

(D) contain such other assurances as the Secretary may reasonably require.

**(c) Waiver****(1) In general**

The Secretary may, upon request of an institution of higher education which does not meet the requirements of subsection (b)(1)(C) or (b)(2)(C) of this section, grant a waiver of the requirement under such paragraph if the institution of higher education provides assurances that—

(A) the institution of higher education has conducted another significant program which involves community outreach and service; or

(B) its failure to engage in community service-related programs or activities prior to making application under this subpart will not impede the ability of the institution to engage in the outreach efforts necessary to carry out the requirements of this subpart.

**(2) Special rule**

An institution of higher education may apply for a waiver as part of the application described in subsection (b) of this section.

**(d) Carryover of funds**

Notwithstanding any other provision of law, in any fiscal year in which funds are appropriated under this subpart but not expended by the end of such fiscal year, at least 75 percent of such funds shall remain available in the succeeding fiscal year to carry out this subpart.

(Pub. L. 89-329, title XI, §1144, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 789; amended Pub. L. 103-382, title III, §391(e)(10), Oct. 20, 1994, 108 Stat. 4023.)

## REFERENCES IN TEXT

The Elementary and Secondary Education Act of 1965, referred to in subsec. (b)(1)(B)(iv)(I), is Pub. L. 89-10, Apr. 11, 1965, 79 Stat. 27, as amended generally by Pub. L. 103-382, title I, §101, Oct. 20, 1994, 108 Stat. 3519. Title I of the Act is classified generally to subchapter I (§6301 et seq.) of chapter 70 of this title. For complete classification of this Act to the Code, see Short Title note set out under section 6301 of this title and Tables.

## AMENDMENTS

1994—Subsec. (b)(1)(B)(iv)(I). Pub. L. 103-382 substituted “title I of” for “chapter 1 of title I of”.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1138a of this title.

**§ 1138d. Technical assistance and coordination contract**

To the extent that funds are available therefor pursuant to section 1139 of this title, the Secretary may, directly or by way of grant, contract, or other arrangement—

(1) provide technical assistance to grant recipients under this subpart;

(2) collect and disseminate information with respect to programs assisted under this subpart; and

(3) evaluate such programs and issue reports on the results of such evaluations.

(Pub. L. 89-329, title XI, §1145, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 791.)

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1138b of this title.

**§ 1138e. Definitions**

For the purpose of this subpart—

**(1) Institution of higher education**

The term “institution of higher education”, in the case of an institution of higher education with a branch campus, means, at the election of the institution—

- (A) a branch campus of the institution; or
- (B) the institution.

**(2) Public community agency**

The term “public community agency” means an established community agency with an established program of instruction such as elementary and secondary schools, Head Start centers, prisons, agencies serving youth, and agencies serving individuals with disabilities, including disabled veterans.

(Pub. L. 89-329, title XI, §1146, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 791.)

## SUBPART 3—AUTHORIZATION OF APPROPRIATIONS

**§ 1139. Authorization of appropriations**

There are authorized to be appropriated \$15,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years of which, for any such fiscal year—

- (1) not more than one-third shall be available to carry out subpart 1 of this part; and
- (2) not less than two-thirds shall be available to carry out subpart 2 of this part.

(Pub. L. 89-329, title XI, §1151, as added Pub. L. 102-325, title XI, §1101, July 23, 1992, 106 Stat. 792.)

## PRIOR PROVISIONS

Prior sections 1139 to 1139b were omitted in the general revision of this subchapter by Pub. L. 102-325.

Section 1139, Pub. L. 89-329, title XI, §1131, as added Pub. L. 99-498, title XI, §1101, Oct. 17, 1986, 100 Stat. 1572, stated purpose of this part to provide assistance to establish Robert F. Wagner, Sr., Institute of Urban Public Policy.

Section 1139a, Pub. L. 89-329, title XI, §1132, as added Pub. L. 99-498, title XI, §1101, Oct. 17, 1986, 100 Stat. 1572, related to application for and use of funds under this part.

Section 1139b, Pub. L. 89-329, title XI, §1133, as added Pub. L. 99-498, title XI, §1101, Oct. 17, 1986, 100 Stat. 1573, authorized appropriations to carry out this part.

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1138a, 1138d of this title.

## SUBCHAPTER XII—GENERAL PROVISIONS

**§ 1141. Definitions**

As used in this chapter—

(a) The term “institution of higher education” means an educational institution in any State which (1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor’s degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other nonprofit institution, and (5) is accredited by a nationally recognized accrediting agency or association, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time. Such term also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of clauses (1), (2), (4), and (5). Such term also includes a public or nonprofit private educational institution in any State which, in lieu of the requirement in clause (1), admits as regular students persons who are beyond the age of compulsory school attendance

in the State in which the institution is located. For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines, pursuant to subpart 2 of part G of subchapter IV of this chapter, to be reliable authority as to the quality of the education or training offered.

(b) The term “State” includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the government of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

(c) The term “nonprofit” as applied to a school, agency, organization, or institution means a school, agency, organization, or institution owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(d) The term “secondary school” has the same meaning given that term under section 2891(21)<sup>1</sup> of this title.

(e) The term “Secretary” means the Secretary of Education.

(f) The term “local educational agency” has the same meaning given that term under section 2891(12)<sup>1</sup> of this title.

(g) The term “State educational agency” has the same meaning given that term under section 2891(23)<sup>1</sup> of this title.

(h) The term “State higher education agency” means the officer or agency primarily responsible for the State supervision of higher education.

(i) The term “elementary school” has the same meaning given that term under section 2891(8)<sup>1</sup> of this title.

(j) The term “combination of institutions of higher education” means a group of institutions of higher education that have entered into a cooperative arrangement for the purpose of carrying out a common objective, or a public or private nonprofit agency, organization, or institution designated or created by a group of institutions of higher education for the purpose of carrying out a common objective on their behalf.

(k) The term “gifted and talented children” has the same meaning given that term under section 3063(1)<sup>1</sup> of this title.

(l) The term “school or department of divinity” means an institution or a department or a branch of an institution the program of instruction of which is designed for the education of students (A) to prepare them to become ministers of religion or to enter upon some other religious vocation (or to provide continuing training for any such vocation), or (B) to prepare them to teach theological subjects.

(m) The term “Department” means the Department of Education.

(n) The term “disability” has the same meaning given that term under section 12102(2) of title 42.

(o) The term “special education teacher” means teachers who teach children with disabilities as defined in the Individuals With Disabilities Education Act [20 U.S.C. 1400 et seq.].

<sup>1</sup> See References in Text note below.

(p) The term “service-learning” has the same meaning given that term under section 12511(23) of title 42.

(Pub. L. 89-329, title XII, §1201, formerly title VIII, §801, Nov. 8, 1965, 79 Stat. 1269; renumbered title XII, §1201, and amended Pub. L. 90-575, title II, §251, 293, 294, Oct. 16, 1968, 82 Stat. 1042, 1050, 1051; Pub. L. 91-230, title VIII, §806(b), Apr. 13, 1970, 84 Stat. 192; Pub. L. 92-318, title I, §131(d)(1), June 23, 1972, 86 Stat. 260; Pub. L. 94-482, title I, §181(a), formerly §181, Oct. 12, 1976, 90 Stat. 2167, renumbered Pub. L. 95-43, §1(b)(7), June 15, 1977, 91 Stat. 218; Pub. L. 95-180, §1(a), Nov. 15, 1977, 91 Stat. 1372; Pub. L. 96-374, title XIII, §1391(a)(1), (b), Oct. 3, 1980, 94 Stat. 1503; Pub. L. 100-50, §21(a), June 3, 1987, 101 Stat. 360; Pub. L. 102-26, §2(a)(4), Apr. 9, 1991, 105 Stat. 123; Pub. L. 102-325, title XII, §1201, July 23, 1992, 106 Stat. 792; Pub. L. 102-394, title III, §308(a), Oct. 6, 1992, 106 Stat. 1820; Pub. L. 103-82, title I, §111(b)(5), Sept. 21, 1993, 107 Stat. 861; Pub. L. 103-208, §2(j)(48), Dec. 20, 1993, 107 Stat. 2485.)

#### REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 89-329. For complete classification of this Act to this Code, see Short Title note set out under section 1001 of this title and Tables.

Sections 2891 and 3063 of this title, referred to in subsecs. (d), (f), (g), (i), and (k), were in the original references to sections 1471 and 4103, respectively, of the Elementary and Secondary Education Act of 1965, Pub. L. 89-10, and were omitted in the general amendment of that Act by Pub. L. 103-382, title I, §101, Oct. 20, 1994, 108 Stat. 3519. For definitions, see section 8801 of this title.

The Individuals With Disabilities Education Act, referred to in subsec. (o), is title VI of Pub. L. 91-230, Apr. 13, 1970, 84 Stat. 175, as amended, which is classified generally to chapter 33 (§1400 et seq.) of this title. For complete classification of this Act to the Code, see section 1400 of this title and Tables.

#### AMENDMENTS

1993—Subsec. (a). Pub. L. 103-208 substituted “subpart 2 of part G of subchapter IV of this chapter,” for “subpart 3 of part G,”.

Subsec. (p). Pub. L. 103-82 substituted “section 12511(23) of title 42” for “section 12511(22) of title 42”.

1992—Subsec. (a). Pub. L. 102-394 substituted “, or if not so accredited, is an institution that has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time.” for period at end of cl. (5) of first sentence.

Pub. L. 102-325, §1201(1)(A), which directed the amendment of first sentence by striking “, or if not so accredited” through “institution so accredited”, was executed by striking out “or, if not so accredited, (A) is an institution with respect to which the Secretary has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (B) is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited” after “accrediting agency or association” in cl.

(5) of first sentence, to reflect the probable intent of Congress.

Pub. L. 102-325, §1201(1)(B), in last sentence, inserted “, pursuant to subpart 3 of part G,” after “determines” and “the education or” after “quality of”.

Subsecs. (d) to (k). Pub. L. 102-325, §1201(2), added subsecs. (d) to (k) and struck out former subsecs. (d) and (e) which defined “secondary school” and “Secretary”, respectively, and former subsecs. (g) to (k), which defined “local educational agency”, “State educational agency”, “elementary school”, “combination of institutions of higher education”, and “gifted and talented children”, respectively.

Subsecs. (n) to (p). Pub. L. 102-325, §1201(3), added subsecs. (n) to (p).

1991—Subsec. (a). Pub. L. 102-26, which directed the striking out of “and who meets the requirements of section 1091(d) of this title” before period at end of third sentence was executed by striking out “and who meet the requirements of section 1091(d) of this title”, to reflect the probable intent of Congress.

1987—Subsec. (a). Pub. L. 100-50 substituted “meet the requirements of section 1091(d) of this title” for “have the ability to benefit from the training offered by the institution”.

1980—Subsec. (a). Pub. L. 96-374, §1391(a)(1), substituted “Secretary” for “Commissioner” wherever appearing.

Subsec. (e). Pub. L. 96-374, §1391(b)(1), substituted “Secretary of Education” for “Secretary of Health, Education, and Welfare”.

Subsec. (f). Pub. L. 96-374, §1391(b)(2), struck out subsec. (f) which defined “Commissioner” as meaning the Commissioner of Education.

Subsec. (k). Pub. L. 96-374, §1391(a)(1), substituted “Secretary” for “Commissioner”.

Subsec. (m). Pub. L. 96-374, §1391(b)(3), added subsec. (m).

1977—Subsec. (b). Pub. L. 95-180 added the government of the Northern Mariana Islands and the Trust Territory of the Pacific Islands to the enumeration of areas included within the term “State”.

1976—Subsec. (a). Pub. L. 94-482 inserted sentence which included public or nonprofit private educational institutions which admit as regular students persons beyond the age of compulsory school attendance within definition of “institution of higher learning”.

1972—Subsec. (l). Pub. L. 92-318 added subsec. (l).

1970—Subsec. (k). Pub. L. 91-230 added subsec. (k).

1968—Subsec. (a). Pub. L. 90-575, §293, designated existing provisions of cl. (5) as subcl. (B) thereof and added subcl. (A) and, in provisions following the enumerated five clauses, substituted reference to schools which provide not less than a one-year program of training to prepare students for gainful employment in a recognized occupation for reference to business schools and technical institutions.

Subsec. (j). Pub. L. 90-575, §294 added subsec. (j) defining “combination of institutions of higher education”.

#### EFFECTIVE DATE OF 1993 AMENDMENTS

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

Amendment by Pub. L. 103-82 effective Oct. 1, 1993, see section 123 of Pub. L. 103-82, set out as a note under section 1701 of Title 16, Conservation.

#### EFFECTIVE DATE OF 1992 AMENDMENTS

Section 308(b) of Pub. L. 102-394 provided that: “The amendment made by this section [amending this section] shall be effective on October 1, 1992.”

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by Pub. L. 102-26 applicable to any grant, loan, or work assistance to cover the cost of instruc-



tion for periods of enrollment beginning on or after July 1, 1991, see section 2(d)(1) of Pub. L. 102-26, set out as a note under section 1085 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-50 effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-374 effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-482 effective 30 days after Oct. 12, 1976, except either as specifically otherwise provided or, if not so specifically otherwise provided, effective July 1, 1976, for those amendments providing for authorization of appropriations, see section 532 of Pub. L. 94-482, set out as a note under section 1001 of this title.

#### RETROACTIVE EFFECT OF 1977 AMENDMENT

Section 1(d) of Pub. L. 95-180 provided that: “Nothing in this Act [amending this section and sections 1088, 1122, 1135, and 1135a-1 of this title], the Higher Education Act of 1965 [20 U.S.C. 1001 et seq.], or any other provision of law shall invalidate any payments or other benefits provided under the Higher Education Act of 1965 to an agency or institution in the Trust Territory of the Pacific Islands or to the government of the Northern Mariana Islands prior to the enactment of this Act [Nov. 15, 1977].”

#### TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

For termination of Trust Territory of the Pacific Islands, see note set out preceding section 1681 of Title 48, Territories and Insular Possessions.

#### ACCREDITATION THROUGH TRANSFER OF CREDIT

Section 2(n) of Pub. L. 103-208 provided that:

“(1) An institution of higher education which satisfied the requirements of section 1201(a)(5)(B) of the Act [20 U.S.C. 1141(a)(5)(B)] prior to the enactment of the Higher Education Amendments of 1992 [July 23, 1992], shall be considered to meet the requirements of section 1201(a)(5) of the Act if—

“(A) within 60 days after the date of enactment of the Higher Education Technical Amendments of 1993 [Dec. 20, 1993], such institution has applied for accreditation by a nationally recognized accrediting agency or association which the Secretary determines, pursuant to subpart 2 of part H of title IV of the Act [20 U.S.C. 1099b], to be a reliable authority as to the quality of education or training offered;

“(B) within 2 years of the date of enactment of the Higher Education Technical Amendments of 1993 [Dec. 20, 1993], such institution is accredited by such an accrediting agency or association or, if not so accredited, has been granted preaccreditation status by such an agency or association that has been recognized by the Secretary for the granting of preaccreditation status, and the Secretary has determined that there is satisfactory assurance that the institution will meet the accreditation standards of such an agency or association within a reasonable time; and

“(C) such institution is legally authorized within a State to provide education beyond secondary education.

“(2) The Secretary shall determine whether to recertify any institution that meets the requirements of paragraph (1) within 2 years after the date of enactment of this Act [Dec. 20, 1993].

“(3) Paragraph (1) of this subsection shall be effective on and after July 23, 1992.”

#### AUTHORITY FOR LIMITATION, SUSPENSION, OR TERMINATION OF ELIGIBILITY OF INSTITUTION OF HIGHER EDUCATION

Section 181(b) of Pub. L. 94-482, as added by Pub. L. 95-43, §1(b)(7), provided that: “Neither the amendment made by subsection (a) of this section [amending subsec. (a) of this section] nor the amendment made to section 435(b)(1) of the Act [section 1085(b)(1) of this title] (by section 127(a) of this Act) shall be construed to authorize terminating the eligibility of an institution which was deemed to be an institution of higher education for purposes of sections 435(b)(1) and 1201(a) [section 1085(b)(1) of this title and subsec. (a) of this section] on the date of enactment of this Act [Oct. 12, 1976]. The preceding sentence of this section shall not be construed to impair the authority of the Commissioner [now Secretary of Education] to limit, suspend, or terminate such eligibility for the reasons and as provided by section 497 of the Act [section 1088f of this title].”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1088, 1099c, 1115, 1132, 1135f, 1228c, 2002, 2394e, 3902, 4206, 4514, 4702, 5602, 6322, 7601, 8801, 9001 of this title; title 10 sections 2193, 2199; title 18 section 207; title 22 sections 2460, 4502, 4703; title 25 sections 13, 1801, 1813, 3371; title 26 section 135; title 29 sections 631, 706, 721, 1503, 1551, 2202; title 30 section 1291; title 33 section 1262; title 39 section 3626; title 42 sections 1862i, 3002, 3791, 7274e, 9844, 9877, 9910c, 11851, 12511, 12626, 12899f, 13791, 14092, 14111; title 50 section 1908.

### § 1142. Antidiscrimination requirements for institutions of higher education receiving Federal assistance; exception

#### (a) In general

Institutions of higher education receiving Federal financial assistance may not use such financial assistance whether directly or indirectly to undertake any study or project or fulfill the terms of any contract containing an express or implied provision that any person or persons of a particular race, religion, sex, or national origin be barred from performing such study, project, or contract, except no institution shall be barred from conducting objective studies or projects concerning the nature, effects, or prevention of discrimination, or have its curriculum restricted on the subject of discrimination, against any such person.

#### (b) Limitations on statutory construction

Nothing in this chapter shall be construed to limit the rights or responsibilities of any individual under the Americans With Disabilities Act of 1990 [42 U.S.C. 12101 et seq.], the Rehabilitation Act of 1973 [29 U.S.C. 701 et seq.], or any other law.

(Pub. L. 89-329, title XII, §1202, formerly §1207, as added Pub. L. 94-482, title I, §182, Oct. 12, 1976, 90 Stat. 2167; renumbered §1202, Pub. L. 96-374, title XII, §1201, Oct. 3, 1980, 94 Stat. 1493; amended Pub. L. 102-325, title XII, §1202, July 23, 1992, 106 Stat. 793.)

#### REFERENCES IN TEXT

This chapter, referred to in subsec. (b), was in the original “this Act”, meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see

Short Title note set out under section 1001 of this title and Tables.

The Americans With Disabilities Act of 1990, referred to in subsec. (b), is Pub. L. 101-336, July 26, 1990, 104 Stat. 327, as amended, which is classified principally to chapter 126 (§1201 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 12101 of Title 42 and Tables.

The Rehabilitation Act of 1973, referred to in subsec. (b), is Pub. L. 93-112, Sept. 26, 1973, 87 Stat. 355, as amended, which is classified generally to chapter 16 (§701 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 701 of Title 29 and Tables.

#### CODIFICATION

Section was formerly classified to section 1145b of this title.

#### PRIOR PROVISIONS

A prior section 1142, Pub. L. 89-329, title XII, §1202, formerly title VIII, §802, Nov. 8, 1965, 79 Stat. 1270; renumbered title XII, §1202, Pub. L. 90-575, title II, §251, Oct. 16, 1968, 82 Stat. 1042, related to method of payment pursuant to grants, loans, or contracts under this chapter, prior to repeal by section 1201 of Pub. L. 96-374.

Another prior section 1202 of Pub. L. 89-329, as added Pub. L. 92-318, title I, §196, June 23, 1972, 86 Stat. 324, related to State postsecondary education and was classified to section 1142a of this title, prior to repeal by section 1201 of Pub. L. 96-374.

#### AMENDMENTS

1992—Pub. L. 102-325 designated existing provisions as subsec. (a) and added subsec. (b).

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective 30 days after Oct. 12, 1976, except either as specifically otherwise provided or, if not so specifically otherwise provided, effective July 1, 1976, where section provides for authorization of appropriations, see section 532 of Pub. L. 94-482, set out as an Effective Date of 1976 Amendment note under section 1001 of this title.

#### **§§ 1142a, 1142b. Repealed. Pub. L. 96-374, title XII, § 1201, Oct. 3, 1980, 94 Stat. 1493**

Section 1142a, Pub. L. 89-329, title XII, §1202, as added Pub. L. 92-318, title I, §196, June 23, 1972, 86 Stat. 324, related to designation of a State postsecondary education commission. Another prior section 1202 of Pub. L. 89-329 related to method of payment and was classified to section 1142 of this title, prior to repeal by section 1201 of Pub. L. 96-374.

Section 1142b, Pub. L. 89-329, title XII, §1203, as added Pub. L. 92-318, title I, §196, June 23, 1972, 86 Stat. 325; amended Pub. L. 94-482, title I, §179, Oct. 12, 1976, 90 Stat. 2166; Pub. L. 96-49, §12, Aug. 13, 1979, 93 Stat. 354, related to comprehensive statewide planning.

Another prior section 1203 of Pub. L. 89-329, related to delegation of Commissioner's functions and utilization of services and facilities of Federal agencies and was classified to section 1143 of this title, prior to repeal by Pub. L. 91-230, title IV, §401(c)(5), Apr. 13, 1970, 84 Stat. 173.

#### EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

#### **§ 1143. Federal-State relationships; State agreements**

##### **(a) Agreements required between States and Secretary**

Any State which desires to receive assistance under an applicable program, as described in subsection (f) of this section, shall enter into an agreement with the Secretary pursuant to subsection (b) of this section setting forth the terms and conditions for the relationship between the Federal Government and that State for the purposes set forth in the applicable programs.

##### **(b) Terms and conditions of agreements**

Such agreement shall consist of assurances by the State, including a description of the means to be used by the State to fulfill the assurances, that—

(1) the State will provide for such methods of administration as are necessary for the proper and efficient administration of any program in keeping with the purposes of the applicable programs described in subsection (f) of this section;

(2) the State will provide such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of, and accounting for, Federal funds paid to the State under any subchapter of this chapter or part C of subchapter I of chapter 34 of title 42;

(3) the State will follow policies and practices of administration that will ensure that non-Federal funds will not be supplanted by Federal funds, and that equitable and appropriate criteria will be used in evaluation of applications or proposals for grants or contracts under any such applicable program; and

(4) the State has a comprehensive planning or policy formulation process which—

(A) considers the relation between State administration of any such applicable program, and administration of similar State programs or processes;

(B) encourages State policies designed to consider effects on declining enrollments on all sectors of postsecondary education in the State;

(C) considers the postsecondary education needs of unserved and underserved individuals within the State, including individuals beyond the traditional college age;

(D) considers the resources of institutions, organizations, or agencies (both public and private) within the State capable of providing postsecondary educational opportunities in the State; and

(E) provides for direct, equitable and active participation in the comprehensive planning or policy formulation process or processes of representatives of institutions of higher education (including community colleges, proprietary institutions, and independent colleges and universities), students, other providers of postsecondary education services, and the general public in the State.

Participation under subclause (E) shall, consistent with State law, be achieved through membership on State planning commissions, State advisory councils, or other State entities estab-

lished by the State to conduct federally assisted comprehensive planning or policy formulation.

**(c) Adequacy of information and assurances**

The information and assurances provided by a State in accordance with paragraphs (1), (2), and (3) of subsection (b) of this section, and regulations issued by the Secretary related directly to such assurances, shall be satisfactory for the purposes of, and shall be considered in lieu of, any comparable requirements for information and assurances in any applicable program described in subsection (f) of this section.

**(d) Modification of agreements; failure to comply**

(1) An agreement of a State shall remain in effect subject to modification as changes in information or circumstances require.

(2) Whenever the Secretary, after reasonable notice and opportunity for a hearing has been given to the State, finds that there is a failure to comply substantially with the assurances required in paragraph (1), (2), or (3) of subsection (b) of this section, the Secretary shall notify the State that it is no longer eligible to participate in any applicable program described in subsection (f) of this section until the Secretary is satisfied that there is no longer any such failure to comply.

**(e) Entities authorized to act on behalf of States**

(1) For the purpose of this section, the selection of the State entity or entities authorized to act on behalf of the State for the purpose of entering into an agreement with the Secretary shall be in accordance with the State law of each individual State with respect to the authority to make legal agreements between the State and the Federal Government.

(2)(A) Nothing in this section shall be construed to authorize the Secretary to require any State to adopt, as a condition for entering into an agreement, or for participation in an applicable program as defined in subsection (f) of this section, a specific State organizational structure for achieving participation in the planning, or administration of programs, or for statewide planning, coordination, governing, regulating, or administering of postsecondary education agencies, institutions, or programs in the State.

(B) Nothing in this section shall be construed as a limitation on the authority of any State to adopt a State organizational structure for postsecondary education agencies, institutions, or programs which is appropriate to the needs, traditions, and circumstances of that State, or as a limitation on the authority of a State entering into an agreement pursuant to this section to modify the State organizational structure at any time subsequent to entering into such an agreement.

**(f) “Applicable program” defined**

For the purposes of this section an “applicable program” is defined as—

- (1) subchapter I of this chapter;
- (2) subpart 3<sup>1</sup> of part A of subchapter IV of this chapter; and
- (3) part A of subchapter VII of this chapter.

(Pub. L. 89-329, title XII, § 1203, as added Pub. L. 96-374, title XII, § 1201, Oct. 3, 1980, 94 Stat. 1493.)

<sup>1</sup> See References in Text note below.

REFERENCES IN TEXT

Subpart 3 of part A of subchapter IV of this chapter, referred to in subsec. (f)(2), was redesignated subpart 4 and subpart 2 of such part was redesignated subpart 3 by Pub. L. 102-325, title IV, § 402(a)(2), July 23, 1992, 106 Stat. 482.

PRIOR PROVISIONS

A prior section 1143, Pub. L. 89-329, title XII, § 1203, formerly title VIII, § 803, Nov. 8, 1965, 79 Stat. 1270; renumbered title XII, § 1203, Pub. L. 90-575, title II, § 251, Oct. 16, 1968, 82 Stat. 1042, provided for delegation of functions by Commissioner of Education and utilization of services and facilities of other agencies, prior to repeal by Pub. L. 91-230, title IV, § 401(c)(5), Apr. 13, 1970, 84 Stat. 173. See section 1231 of this title.

A prior section 1203 of Pub. L. 89-329, as added Pub. L. 92-318, title I, § 196, June 23, 1972, 86 Stat. 325; amended Pub. L. 94-482, title I, § 179, Oct. 12, 1976, 90 Stat. 2166; Pub. L. 96-49, § 12, Aug. 13, 1979, 93 Stat. 354, related to comprehensive statewide planning and was classified to section 1142b of this title, prior to repeal by section 1201 of Pub. L. 96-374.

EFFECTIVE DATE

Section effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1022 of this title.

**§ 1144. Federal control over education prohibited**

(a) Repealed. Pub. L. 91-230, title IV, § 401(f)(6), Apr. 13, 1970, 84 Stat. 173.

(b) Nothing contained in this chapter or any other Act shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the membership practices or internal operations of any fraternal organization, fraternity, sorority, private club or religious organization at an institution of higher education (other than a service academy or the Coast Guard Academy) which is financed exclusively by funds derived from private sources and whose facilities are not owned by such institution.

(Pub. L. 89-329, title XII, § 1204, formerly title VIII, § 804, Nov. 8, 1965, 79 Stat. 1270; renumbered title XII, § 1204, Pub. L. 90-575, title II, § 251, Oct. 16, 1968, 82 Stat. 1042; amended Pub. L. 91-230, title IV, § 401(f)(6), Apr. 13, 1970, 84 Stat. 173.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 89-329. For complete classification of this Act to this Code, see Short Title note set out under section 1001 of this title and Tables.

CODIFICATION

Another section 1204 of Pub. L. 89-329, as added by Pub. L. 96-374, title XII, § 1201, Oct. 3, 1980, 94 Stat. 1495, relating to treatment of territories and territorial student assistance, is classified to section 1144a of this title.

AMENDMENTS

1970—Subsec. (a). Pub. L. 91-230 repealed prohibition against Federal control of education (curriculum, program of instruction, administration, personnel, or selection of library resources). See section 1232a of this title.

### § 1144a. Treatment of territories and territorial student assistance

(a) The Secretary is required to waive the eligibility criteria of any postsecondary education program administered by the Department where such criteria do not take into account the unique circumstances in Guam, the Virgin Islands, American Samoa, Palau, the Commonwealth of the Northern Mariana Islands, and the freely associated states.

(b) Notwithstanding any other provision of law, an institution of higher education that is located in any of the freely associated states, rather than a State, shall be eligible, if otherwise qualified, for assistance under division 1 of subpart 2 of part A of subchapter IV of this chapter.

(Pub. L. 89-329, title XII, § 1204, as added Pub. L. 96-374, title XII, § 1201, Oct. 3, 1980, 94 Stat. 1495; amended Pub. L. 99-498, title XII, § 1201, Oct. 17, 1986, 100 Stat. 1573; Pub. L. 102-73, title VIII, § 801(c), July 25, 1991, 105 Stat. 360; Pub. L. 103-208, § 2(j)(49), Dec. 20, 1993, 107 Stat. 2485.)

#### CODIFICATION

Another section 1204 of Pub. L. 89-329 prohibiting Federal control over education is classified to section 1144 of this title.

#### PRIOR PROVISIONS

A prior section 1144a, Pub. L. 92-318, title V, § 510, June 23, 1972, 86 Stat. 353, set forth sense of Congress that governing boards of institutions of higher education give consideration to student participation on such boards, prior to the general revision of this section by Pub. L. 96-374.

#### AMENDMENTS

1993—Pub. L. 103-208, which directed the general amendment of section 1204 of Pub. L. 89-329, was executed by amending this section, which is section 1204 as added by Pub. L. 96-374, to reflect the probable intent of Congress, because this section relates to territories and territorial student assistance, and prior to amendment, section related to such territorial student assistance containing provisions relating to waiver of eligibility criteria in subsec. (a), promulgation of regulations and adaptation or modification of programs to needs of territories in subsec. (b), authorization of appropriations in subsec. (c), and institutions in freely associated states in subsec. (d).

1991—Subsec. (d). Pub. L. 102-73, which directed the addition of subsec. (d) to “Section 1204 of the Act (20 U.S.C. 1144a)”, was executed to this section which is section 1204 of the Higher Education Act of 1965, to reflect the probable intent of Congress.

1986—Subsec. (a). Pub. L. 99-498, § 1201(3), added subsec. (a). Former subsec. (a) was redesignated (b).

Subsec. (b). Pub. L. 99-498, § 1204(1), (3), redesignated former subsec. (a) as (b) and substituted “Within 6 months after October 17, 1986, the Secretary shall promulgate regulations in accordance with the recommendations in the report entitled ‘Postsecondary Education in the U.S. Territories (May 1982) in order to adapt programs under this chapter to the needs of’ for ‘The Secretary is authorized to provide such modifications of any programs under this chapter as the Secretary deems necessary in order to adapt such programs to the needs of’”. Former subsec. (b), which directed the Secretary, in conjunction with the development of program modifications, to conduct, within eighteen months after October 3, 1980, an analysis of the unique educational needs of Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands, and re-

port to the Congress on the results of such analysis, was struck out.

Subsec. (c). Pub. L. 99-498, § 1201(2), substituted “October 1, 1991” for “October 1, 1985”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE

Section effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

### § 1145. National Advisory Committee on Institutional Quality and Integrity

#### (a) Establishment

There is established in the Department a National Advisory Committee on Institutional Quality and Integrity (hereafter in this section referred to as the “Committee”), which shall be composed of 15 members appointed by the Secretary from among individuals who are representatives of, or knowledgeable concerning, education and training beyond secondary education, including representatives of all sectors and types of institutions of higher education (as defined in section 1088(a) of this title), to assess the process of eligibility and certification of such institutions under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42 and the provision of financial aid under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42. The Secretary may also appoint to the Committee representatives of the general public serving on the National Advisory Committee on Accreditation and Institutional Eligibility (as such Committee was in existence on July 23, 1992).

#### (b) Terms of members

Terms of office of each member of the Committee shall be 3 years, except that—

(1) of the members first appointed to the Committee the Secretary shall designate—

(A) 5 such members to serve for a term of 1 year;

(B) 5 such members to serve for a term of 2 years; and

(C) 5 such members to serve for a term of 3 years; and

(2) any member appointed to fill in a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall be appointed for the remainder of such term.

#### (c) Functions

The Committee shall—

(1) advise the Secretary with respect to establishment and enforcement of the standards of accrediting agencies or associations under subpart 2 of part G of subchapter IV of this chapter;

(2) advise the Secretary with respect to the recognition of a specific accrediting agency or association;

(3) advise the Secretary with respect to the preparation and publication of the list of na-

tionally recognized accrediting agencies and associations;

(4) develop and recommend to the Secretary standards and criteria for specific categories of vocational training institutions and institutions of higher education for which there are no recognized accrediting agencies, associations, or State agencies, in order to establish the eligibility of such institutions on an interim basis for participation in federally funded programs;

(5) advise the Secretary with respect to the eligibility and certification process for institutions of higher education under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, together with recommendations for improvements in such process;

(6) advise the Secretary with respect to the functions of the Secretary under subpart 1 of part G of subchapter IV of this chapter, relating to State institutional integrity standards;

(7) advise the Secretary with respect to the relationship between—

(A) accreditation of institutions of higher education and the certification and eligibility of such institutions; and

(B) State licensing responsibilities with respect to such institutions; and

(8) carry out such other advisory functions relating to accreditation and institutional eligibility as the Secretary may prescribe.

#### (d) Meeting procedures

The Committee shall meet not less than twice each year at the call of the Chairperson. The date of, and agenda for, each meeting of the Committee shall be submitted in advance to the Secretary for approval. A representative of the Secretary shall be present at all meetings of the Committee.

#### (e) Report

The Committee shall, not later than November 30 of each year, make an annual report through the Secretary to the Congress. The annual report shall contain—

(1) a list of the members of the Committee and their addresses;

(2) a list of the functions of the Committee;

(3) a list of dates and places of each meeting during the preceding fiscal year; and

(4) a summary of the activities, findings and recommendations made by the Committee during the preceding fiscal year.

#### (f) Termination

Subject to section 1233g(b)<sup>1</sup> of this title, the National Advisory Committee on Institutional Quality and Integrity shall continue to exist until September 30, 1998.

(Pub. L. 89-329, title XII, §1205, as added Pub. L. 96-374, title XII, §1201, Oct. 3, 1980, 94 Stat. 1495; amended Pub. L. 99-498, title XII, §1202, Oct. 17, 1986, 100 Stat. 1573; Pub. L. 102-325, title XII, §1203, July 23, 1992, 106 Stat. 793; Pub. L. 103-208, §2(j)(50)–(53), Dec. 20, 1993, 107 Stat. 2485.)

#### REFERENCES IN TEXT

Section 1233g of this title, referred to in subsec. (f), was repealed by Pub. L. 103-382, title II, §212(a)(2), Oct. 20, 1994, 108 Stat. 3913.

<sup>1</sup> See References in Text note below.

#### PRIOR PROVISIONS

A prior section 1145, Pub. L. 89-329, title XII, §1205, as added Pub. L. 90-575, title II, §291(a), Oct. 16, 1968, 82 Stat. 1049; amended Pub. L. 91-230, title IV, §401(h)(4), Apr. 13, 1970, 84 Stat. 174, established an Advisory Council on Graduate Education in the Office of Education, prior to repeal by section 1201 of Pub. L. 96-374.

#### AMENDMENTS

1993—Pub. L. 103-208, §2(j)(50), substituted “National Advisory Committee” for “Committee” in section catchline.

Subsec. (a). Pub. L. 103-208, §2(j)(51), inserted “National Advisory” before first reference to “Committee”.

Subsec. (c)(1), (6). Pub. L. 103-208, §2(j)(52), substituted “part G of subchapter IV of this chapter” for “part G”.

Subsec. (f). Pub. L. 103-208, §2(j)(53), substituted “Institutional Quality and Integrity” for “Accreditation and Institutional Eligibility”.

1992—Pub. L. 102-325 amended section generally, substituting provisions establishing Committee on Institutional Quality and Integrity for provisions establishing National Advisory Committee on Accreditation and Institutional Eligibility.

1986—Subsec. (f). Pub. L. 99-498 substituted “September 30, 1991” for “September 30, 1985”.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as a note under section 1001 of this title.

#### EFFECTIVE DATE

Section effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

#### TERMINATION OF ADVISORY COMMITTEES

Advisory committees established after Jan. 5, 1973, to terminate not later than the expiration of the 2-year period beginning on the date of their establishment, unless, in the case of a committee established by the President or an officer of the Federal Government, such committee is renewed by appropriate action prior to the expiration of such 2-year period, or in the case of a committee established by Congress, its duration is otherwise provided by law. See section 14 of Pub. L. 92-463, Oct. 6, 1972, 86 Stat. 776, set out in the Appendix to Title 5, Government Organization and Employees.

### § 1145a. Commission to study postsecondary institutional and programmatic recognition process

#### (a) Establishment

There is established in the legislative branch a Joint Study Commission on Postsecondary Institutional Recognition (hereafter in this section referred to as the “Commission”).

#### (b) Membership and composition

The Commission shall be composed of 5 members appointed jointly by the President pro tempore of the Senate, upon the recommendation of the Majority Leader and the Minority Leader, and by the Speaker of the House of Representatives, upon the recommendation of the Majority Leader and the Minority Leader.

**(c) Appointment of members; conditions; effect of vacancies; compensation and travel expenses of members**

(1) Members of the Commission shall be appointed, on the basis of their integrity, impartiality, and good judgment, from among individuals who, as a result of their training, experience, and attainment, are widely recognized by professionals in the fields of education and governmental administration as experts in those fields.

(2) A majority of the members of the Commission may not, at the time of their appointment, be serving as either employees or officers of any accrediting agency or an organization of accrediting agencies, currently serving as administrators of accredited institutions, or be current or past members of the Advisory Committee on Accreditation and Institutional Eligibility of the Department.

(3) Vacancies in the membership of the Commission shall not affect the power of the remaining members to perform the duties of the Commission and shall be filled in the same manner in which the original appointment was made.

(4) Each member of the Commission not otherwise employed by the United States Government shall receive the daily equivalent of the annual basic pay for level V of the Executive Schedule under section 5316 of title 5 for each day during which such member is actually engaged in the performance of the duties of the Commission. Each member of the Commission shall be allowed travel expenses in the same manner as any individual employed intermittently by the Federal Government is allowed travel expenses under section 5703 of title 5.

**(d) Study of institutional and programmatic recognition process for eligibility determinations**

(1) The Commission shall conduct a thorough study of the institutional and programmatic recognition process used by the Department in determining institutional or programmatic eligibility for student participation in Federal student assistance programs under this chapter with attention being given to the accreditation of various types of public and private postsecondary institutions and programs.

(2) The study shall address, analyze, and report specifically on—

(A) the comprehensiveness of the standards and criteria used by existing accreditation agencies;

(B) the reliability and validity of the institutional and programmatic review processes used by the existing accreditation agencies;

(C) the adequacy of the current accreditation methodology and system;

(D) alternative structures, standards, criteria, and processes that might be used in accrediting institutions and programs;

(E) the indicators of educational quality that might be incorporated into the accreditation process;

(F) the educational outcome measurements that might be used in the accreditation process;

(G) the indicators of institutional and programmatic quality that should be provided to applicants and students; and

(H) alternative approaches that might be used by the Secretary for institutional and programmatic recognition to permit student participation in Federal student assistance programs,

as each factor bears on eligibility for participation in Federal student assistance programs.

(3) The study shall also include an analysis of—

(A) the processes and procedures currently utilized by the Secretary and the Department in determining institutional and program eligibility for receiving Federal student assistance funds;

(B) the operations and effectiveness in carrying out eligibility determination of the division of the Department referred to as the “Division of Eligibility and Agency Evaluation”;

(C) review of alternatives to accreditation in determining eligibility and their acceptability;

(D) the role and effectiveness of, participation agreements, between institutions and programs and the Department in determining specific institutional program eligibility for Federal funds;

(E) the ability of the Department to enforce conditions specified in participation agreements, including institutional and program audits;

(F) the current status, functioning, and effectiveness of the National Advisory Committee on Accreditation and Institutional Eligibility, including its role in developing criteria for recognition of accrediting agencies and evaluating their success in assessing the quality of the education or training offered.

**(e) Submission of information by interested parties**

The Commission shall adopt procedures allowing any interested party to submit information with respect to the recognition process, including critiques of current accrediting agency recognition procedures, accreditation procedures, possible alternative procedures, and proposed changes in criteria for recognition of individual accrediting agencies.

**(f) Narrative and statistical reports**

The Commission shall prepare a narrative and statistical report consisting of—

(1) an overview description of the voluntary accrediting process used for postsecondary education in the United States; and

(2) a brief description of each accrediting agency recognized by the Department.

The report shall include at least a statement of the agency’s purpose and a description of the organizational and governance structure of the agency, the agency’s accreditation and visitation procedures, employers of members of the accrediting agency’s governing body, the agency’s sources of financial support, and such background information as the Commission may request from the agency regarding the number of members, number of candidates for accreditation, number of members voluntarily withdrawn after membership, number of applications withdrawn before membership, number of members dropped, and number of applicants denied ac-

creditation. The report shall include the types of information shared among the various accrediting agencies, the degree of duplication among accrediting agencies in the current system, and an analysis of reported complaints by the agency and its member institutions and programs.

**(g) Additional reports**

The Commission shall also prepare a report on—

(1) the history, operation, procedures, and the role and adequacy of staff of the division described in subsection (e)(3)(B) of this section;

(2) the history and current operations of the National Advisory Committee on Accreditation and Institutional Eligibility, including current criteria for Federal recognition of accrediting bodies, how the criteria were developed, possible modifications, and procedures for accomplishing this; and

(3) with respect to the Department in general, an overview of its role in the institutional and programmatic recognition process as it relates to eligibility for Federal student assistance, including recommendations, if appropriate, on how this role might be changed and improved.

**(h) Appointment, compensation and travel expenses of support personnel; office space, supplies and equipment; authority of Commission in conducting study; assistance, support and detail of personnel from other agencies; contracts, technical assistance, etc.**

(1)(A) By agreement between the President pro tempore of the Senate and the Speaker of the House of Representatives, the Commission is authorized to secure on a reimbursable basis, office space, clerical personnel, travel expenses, and such supplies and equipment as may be necessary for the Commission to carry out the study.

(B) Subject to such limitations as the President pro tempore of the Senate and the Speaker of the House of Representatives may jointly prescribe, the Commission may appoint such personnel as the Commission deems necessary and fix the compensation at an annual rate that does not exceed the rate of basic pay then payable for GS-18 of the General Schedule under section 5332 of title 5 and may procure by contract the temporary and intermittent services of clerical personnel and experts or consultants, or organizations thereof.

(2) In conducting the study authorized by this section, the Commission is authorized to—

(A) seek such assistance and support as may be required to conduct the study from appropriate Federal agencies;

(B) arrange for the detail of staff personnel from other Federal agencies;

(C) enter into contracts and make other arrangements, as may be necessary for the conduct of the study;

(D) convene such technical groups as deemed necessary to secure information about the existing recognition process; and

(E) provide transportation and subsistence for persons serving without compensation.

(3) Upon request by the Commission, the head of any Federal agency is authorized to detail, on

a reimbursable basis, any of the personnel of such agency to the Commission to assist in the conduct of the study.

**(i) Report and recommendations to Congressional committees**

The Commission shall submit a report of the findings and recommendations of the study required by this section to the Postsecondary Education Subcommittee of the Education and Labor Committee of the House of Representatives and the Subcommittee on Education, Arts, and Humanities of the Labor and Human Resources Committee of the Senate not later than one year after funds are appropriated and made available for this study.

**(j) Authorization of appropriations**

There are authorized to be appropriated \$1,000,000 to carry out the study authorized by this section.

(Pub. L. 89-329, title XII, § 1206, as added Pub. L. 99-498, title XII, § 1203, Oct. 17, 1986, 100 Stat. 1573.)

REFERENCES IN TEXT

This chapter, referred to in subsec. (d)(1), was in the original “this Act”, meaning Pub. L. 89-329, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

PRIOR PROVISIONS

A prior section 1145a, Pub. L. 89-329, title XII, § 1206, as added Pub. L. 92-318, title I, § 197, June 23, 1972, 86 Stat. 325, related to supplying cost-of-education data by institutions of higher education, prior to repeal by Pub. L. 96-374, title XII, § 1201, Oct. 3, 1980, 94 Stat. 1493, eff. Oct. 1, 1980.

CHANGE OF NAME

Committee on Education and Labor of House of Representatives treated as referring to Committee on Economic and Educational Opportunities of House of Representatives by section 1(a) of Pub. L. 104-14, set out as a note preceding section 21 of Title 2, The Congress.

TERMINATION OF ADVISORY COMMISSIONS

Advisory commissions established after Jan. 5, 1973, to terminate not later than the expiration of the 2-year period beginning on the date of their establishment, unless, in the case of a commission established by the President or an officer of the Federal Government, such commission is renewed by appropriate action prior to the expiration of such 2-year period, or in the case of a commission established by the Congress, its duration is otherwise provided for by law. See sections 3(2) and 14 of Pub. L. 92-463, Oct. 6, 1972, 86 Stat. 770, 776, set out in the Appendix to Title 5, Government Organization and Employees.

REFERENCES IN OTHER LAWS TO GS-16, 17, OR 18 PAY RATES

References in laws to the rates of pay for GS-16, 17, or 18, or to maximum rates of pay under the General Schedule, to be considered references to rates payable under specified sections of Title 5, Government Organization and Employees, see section 529 [title I, § 101(c)(1)] of Pub. L. 101-509, set out in a note under section 5376 of Title 5.

**§ 1145b. Student representation**

The Secretary shall, in appointing individuals to any commission, committee, board, panel, or other body in connection with the administra-

tion of this chapter, include individuals who are, at the time of appointment, attending an institution of higher education.

(Pub. L. 89-329, title XII, § 1207, as added Pub. L. 99-498, title XII, § 1204, Oct. 17, 1986, 100 Stat. 1576.)

#### REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 89-329, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1145b, Pub. L. 89-329, title XII, § 1202, formerly § 1207, as added Pub. L. 94-482, title I, § 182, Oct. 12, 1976, 90 Stat. 2167; renumbered title XII, § 1202, Pub. L. 96-374, title XII, § 1201, Oct. 3, 1980, 94 Stat. 1493, which related to antidiscrimination requirements for institutions of higher education receiving Federal assistance, was transferred to section 1142 of this title.

### § 1145c. Financial responsibility of foreign students

Nothing in this chapter or any other Federal law shall be construed to prohibit any institution of higher education from requiring a student who is a foreign national (and not admitted to permanent residence in the United States) to guarantee the future payment of tuition and fees to such institution by (1) making advance payment of such tuition and fees, (2) making deposits in an escrow account administered by such institution for such payments, or (3) obtaining a bond or other insurance that such payments will be made.

(Pub. L. 89-329, title XII, § 1208, as added Pub. L. 99-498, title XII, § 1205, Oct. 17, 1986, 100 Stat. 1577.)

#### REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 89-329, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1145c, Pub. L. 89-329, title XII, § 1208, as added Pub. L. 94-482, title I, § 183, Oct. 12, 1976, 90 Stat. 2167, related to availability of appropriations, prior to repeal by Pub. L. 96-374, title XII, § 1201, Oct. 3, 1980, 94 Stat. 1493, eff. Oct. 1, 1980.

### § 1145d. Disclosures of foreign gifts

#### (a) Disclosure report

Whenever any institution is owned or controlled by a foreign source or receives a gift from or enters into a contract with a foreign source, the value of which is \$250,000 or more, considered alone or in combination with all other gifts from or contracts with that foreign source within a calendar year, the institution shall file a disclosure report with the Secretary on January 31 or July 31, whichever is sooner.

#### (b) Contents of report

Each report to the Secretary required by this chapter shall contain:

- (1) For gifts received from or contracts entered into with a foreign source other than a

foreign government, the aggregate dollar amount of such gifts and contracts attributable to a particular country. The country to which a gift is attributable is the country of citizenship, or if unknown, the principal residence for a foreign source who is a natural person, and the country of incorporation, or if unknown, the principal place of business, for a foreign source which is a legal entity.

- (2) For gifts received from or contracts entered into with a foreign government, the aggregate amount of such gifts and contracts received from each foreign government.

- (3) In the case of an institution which is owned or controlled by a foreign source, the identity of the foreign source, the date on which the foreign source assumed ownership or control, and any changes in program or structure resulting from the change in ownership or control.

#### (c) Additional disclosures for restricted and conditional gifts

Notwithstanding the provisions of subsection (b) of this section, whenever any institution receives a restricted or conditional gift or contract from a foreign source, the institution shall disclose:

- (1) For such gifts received from or contracts entered into with a foreign source other than a foreign government, the amount, the date, and a description of such conditions or restrictions. The report shall also disclose the country of citizenship, or if unknown, the principal residence for a foreign source which is a natural person, and the country of incorporation, or if unknown, the principal place of business for a foreign source which is a legal entity.

- (2) For gifts received from or contracts entered into with a foreign government, the amount, the date, a description of such conditions or restrictions, and the name of the foreign government.

#### (d) Relation to other reporting requirements

##### (1) State requirements

If an institution described under subsection (a) of this section is within a State which has enacted requirements for public disclosure of gifts from or contracts with a foreign source that are substantially similar to the requirements of this section, a copy of the disclosure report filed with the State may be filed with the Secretary in lieu of a report required under subsection (a) of this section. The State in which the institution is located shall provide to the Secretary such assurances as the Secretary may require to establish that the institution has met the requirements for public disclosure under State law if the State report is filed.

##### (2) Use of other Federal reports

If an institution receives a gift from, or enters into a contract with, a foreign source, where any other department, agency, or bureau of the Executive Branch requires a report containing requirements substantially similar to those required under this chapter, a copy of this report may be filed with the Secretary in lieu of a report required under subsection (a) of this section.



**(e) Public inspection**

All disclosure reports required by this chapter shall be public records open to inspection and copying during business hours.

**(f) Enforcement****(1) Court orders**

Whenever it appears that an institution has failed to comply with the requirements of this section, including any rule or regulation promulgated thereunder, a civil action may be brought in an appropriate district court of the United States, or the appropriate United States court of any territory or other place subject to the jurisdiction of the United States, to request such court to compel compliance with the requirements of this chapter.

**(2) Costs**

For knowing or willful failure to comply with the requirements of this section, including any rule or regulation promulgated thereunder, an institution shall pay to the Treasury of the United States the full costs to the United States of obtaining compliance, including all associated costs of investigation and enforcement.

**(g) Regulations**

The Secretary may promulgate regulations to carry out the ministerial duties imposed on the Secretary by this section.

**(h) Definitions**

For the purpose of this section—

(1) the term “contract” means any agreement for the acquisition by purchase, lease, or barter of property or services by the foreign source, for the direct benefit or use of either of the parties;

(2) the term “foreign source” means—

(A) a foreign government, including an agency of a foreign government;

(B) a legal entity, governmental or otherwise, created solely under the laws of a foreign state or states;

(C) an individual who is not a citizen or a national of the United States or a trust territory or protectorate thereof; and

(D) an agent, including a subsidiary or affiliate of a foreign legal entity, acting on behalf of a foreign source;

(3) the term “gift” means any gift of money or property;

(4) the term “institution” means any institution, public or private, or, if a multicampus institution, any single campus of such institution, in any State which—

(A) is legally authorized within such State to provide a program of education beyond secondary school;

(B) provides a program for which it awards a bachelor's degree (or provides not less than a 2-year program which is acceptable for full credit toward such a degree) or more advanced degrees; and

(C) is accredited by a nationally recognized accrediting agency or association and to which institution Federal financial assistance is extended (directly or indirectly through another entity or person), or which

institution receives support from the extension of Federal financial assistance to any of its subunits; and

(5) the term “restricted or conditional gift or contract” means any endowment, gift, grant, contract, award, present, or property of any kind which includes provisions regarding (A) the employment, assignment, or termination of faculty; (B) the establishment of departments, centers, research or lecture programs, or new faculty positions; (C) the selection or admission of students; or (D) the award of grants, loans, scholarships, fellowships, or other forms of financial aid restricted to students of a specified country, religion, sex, ethnic origin, or political opinion.

(Pub. L. 89-329, title XII, §1209, as added Pub. L. 102-325, title XII, §1204, July 23, 1992, 106 Stat. 794; amended Pub. L. 103-208, §2(j)(54), Dec. 20, 1993, 107 Stat. 2485.)

## REFERENCES IN TEXT

This chapter, referred to in subsecs. (b), (d)(2), (e), and (f)(1), was in the original “this Act”, meaning Pub. L. 89-329, as amended, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

## PRIOR PROVISIONS

A prior section 1145d, Pub. L. 89-329, title XII, §1209, as added Pub. L. 99-498, title XII, §1206(a), Oct. 17, 1986, 100 Stat. 1577, related to disclosures of foreign gifts, prior to repeal by Pub. L. 99-498, title XII, §1206(b), Oct. 17, 1986, 100 Stat. 1579, as amended by Pub. L. 100-50, §22(f), June 3, 1987, 101 Stat. 362, effective Aug. 1, 1989.

## AMENDMENTS

1993—Subsec. (f)(1). Pub. L. 103-208 substituted “this chapter” for “the chapter”.

## EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

## EFFECTIVE DATE

Section effective Oct. 1, 1992, see section 2 of Pub. L. 102-325, set out as an Effective Date of 1992 Amendment note under section 1001 of this title.

**§ 1145d-1. Application of peer review process**

All applications submitted under the provisions of this chapter which require peer review shall be read by a panel of readers composed of individuals selected by the Secretary which shall include outside readers who are not employees of the Federal Government. The Secretary shall ensure that no individual assigned under this section to review any application has any conflict of interest with regard to that application which might impair the impartiality with which that individual conducts the review under this section.

(Pub. L. 89-329, title XII, §1210, as added Pub. L. 100-50, §21(b), June 3, 1987, 101 Stat. 360.)

## REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 89-329, known as the High-

er Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### PRIOR PROVISIONS

A prior section 1210 of Pub. L. 89-329 was renumbered section 1211 and is classified to section 1145e of this title.

#### EFFECTIVE DATE

Section effective as if enacted as part of the Higher Education Amendments of 1986, Pub. L. 99-498, see section 27 of Pub. L. 100-50, set out as a note under section 1001 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1070a-11 of this title.

### § 1145e. Aggregate limit of authorization of appropriations

Notwithstanding any other provision of this chapter, the total amount which may be appropriated to carry out the programs and activities authorized by this chapter, other than the programs and activities authorized by subpart 1 of part A and part B of subchapter IV of this chapter, shall not exceed—

- (1) \$3,166,000,000 for fiscal year 1987,
- (2) \$3,351,000,000 for fiscal year 1988,
- (3) \$3,552,000,000 for fiscal year 1989,
- (4) \$3,771,000,000 for fiscal year 1990, and
- (5) \$4,007,000,000 for fiscal year 1991.

(Pub. L. 89-329, title XII, § 1211, formerly § 1210, as added Pub. L. 99-498, title XII, § 1207, Oct. 17, 1986, 100 Stat. 1579; renumbered § 1211, Pub. L. 100-50, § 21(b), June 3, 1987, 101 Stat. 360.)

#### REFERENCES IN TEXT

This chapter, referred to in text, was in the original “this Act”, meaning Pub. L. 89-329, known as the Higher Education Act of 1965. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

#### CODIFICATION

Another section 1211 of Pub. L. 89-329 was renumbered section 1212 and is classified to section 1145f of this title.

### § 1145f. Technology transfer centers

#### (a) Appropriations; establishment and purposes of centers

(1)(A) Except as provided in subparagraph (B), there are authorized to be appropriated \$15,000,000 for fiscal year 1988 and such sums as may be necessary for each of the 3 succeeding fiscal years to develop, construct, and operate regional technology transfer centers. The Secretary shall establish such regional centers—

- (i) to promote the study and development of programs and depositories necessary to further the transfer of technology relevant to a respective region's economy;
- (ii) to assist in developing incubator facilities to encourage new economic initiatives;
- (iii) to provide technical assistance linking university expertise and private sector resources to solve technical, marketing, and manufacturing problems associated with technology-transfer and start-up businesses; and
- (iv) to ensure consideration of the economic development needs of rural as well as urban areas within the region.

(B) The Secretary shall reserve not less than \$3,000,000 of amounts appropriated pursuant to subparagraph (A) for the purpose of carrying out the Training Technology Transfer Act of 1988.

(2) In carrying out the requirements of this section, regional technology-transfer centers are authorized—

- (A) to build on or, where needed, develop telecommunications systems to link the centers and their affiliates with industrial users;
- (B) to build on or develop necessary computer networks and data bases; and
- (C) to utilize or help develop regional and national libraries.

#### (b) Awarding of financial assistance

Financial assistance to each center shall be awarded competitively. Such financial assistance shall be awarded for the establishment or operation of such centers.

#### (c) Operation of centers; establishment of affiliate centers

Each regional center established shall be operated by an appropriately qualified college or university within the region, a consortium of such schools within the region, or a university-related research park or center, and such regional center shall, where deemed necessary, establish one or more affiliate centers at colleges and universities based in other States within the region.

#### (d) Contents of application

In establishing such centers, the institutions applying shall show in their application—

- (1) how the center will facilitate the economy of the region;
- (2) that the center's mission is compatible with the economic development plans of States in the region; and
- (3) that appropriate consultation with the relevant State agencies concerned with economic development has taken place.

#### (e) Operation of center by consortium; mechanism for assessing percentage of operating costs paid by members; definition

(1) Such center also may be operated by a consortium composed of an entity or entities described in subsection (c) of this section, and an existing campus-based research entity, or other State and local agencies, nonprofit agencies, interstate higher education organizations, or, where appropriate, for-profit agencies. The Secretary, through regulation, shall determine a mechanism for assessing the percentage of operating costs paid by other members of a technology transfer consortium arrangements.

(2) For purpose of paragraph (1), the term “existing campus-based research facilities” includes agricultural research facilities, mining and minerals research facilities; forestry and wood-products research facilities, solar renewable energy research facilities, high technology facilities, and manufacturing technology research facilities.

#### (f) Board; establishment, functions, and membership

Each such center shall establish a Board<sup>1</sup> to advise the center on policy. Such board shall be—

<sup>1</sup> So in original. Probably should not be capitalized.

(1) representative of the States involved in the region; and

(2) consist of representatives for urban areas, rural areas, ethnic concerns, business, labor, and education.

**(g) Awarding of grants; duration and renewal of grants; non-Federal sources of grants**

(1) Grants for each center shall be awarded for a 5-year period. Before the end of such period, the Secretary shall conduct a competition for the award of grants for the succeeding 5-year period.

(2) For the fourth and fifth year of each such 5-year period, and during any renewal of the grant for succeeding 5-year periods, 50 percent of the cost of the activities for which assistance is awarded shall be provided from non-Federal sources.

**(h) Funding and operation of affiliate center**

Funding for affiliate centers authorized in subsection (c) of this section shall be provided by the regional center and the college or university operating the affiliate center, with funding levels to be reached by the 2 entities in a scope-of-work agreement negotiated between the 2 entities. Should the affiliate center wish, its operations and funding support can be a consortium, as specified in subsection (e) of this section.

**(i) Regional centers; establishment and priorities**

(1) The Secretary, after consultation with the Departments of Agriculture, Energy, Commerce, and Interior shall publish, for public comment, a proposed list of priorities for the establishment of regional technology transfer centers and shall propose the regional composition of such centers, keeping in mind that satellite and telecommunications technology enables regions to contain noncontiguous States.

(2) The Secretary shall publish the final list of regions and priorities along with the public's comments. In establishing such regions, the Secretary may designate a State or a portion of a State as a region.

(Pub. L. 89-329, title XII, §1212, formerly §1211, as added Pub. L. 100-418, title VI, §6231, Aug. 23, 1988, 102 Stat. 1518; renumbered §1212 and amended Pub. L. 103-208, §2(j)(55), (56), Dec. 20, 1993, 107 Stat. 2485.)

REFERENCES IN TEXT

The Training Technology Transfer Act of 1988, referred to in subsec. (a)(1)(B), is chapter 1 of subtitle B of title VI of Pub. L. 100-418, Aug. 23, 1988, 102 Stat. 1500, which was classified generally to part A (§5091 et seq.) of subchapter II of chapter 62 of this title, prior to repeal by Pub. L. 103-382, title III, §391(i), Oct. 20, 1994, 108 Stat. 4023. For complete classification of this Act to the Code, see Tables. For provisions relating to technology for education, see section 6801 et seq. of this title.

AMENDMENTS

1993—Subsec. (e)(2). Pub. L. 103-208, §2(j)(56), inserted closing quotation marks after first reference to “facilities”.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of

Pub. L. 103-208, set out as a note under section 1003 of this title.

**§ 1145g. Drug and alcohol abuse prevention**

**(a) Certification requirements**

Notwithstanding any other provision of law, no institution of higher education shall be eligible to receive funds or any other form of financial assistance under any Federal program, including participation in any federally funded or guaranteed student loan program, unless it certifies to the Secretary that it has adopted and has implemented a program to prevent the use of illicit drugs and the abuse of alcohol by students and employees that, at a minimum, includes—

(1) the annual distribution to each student and employee of—

(A) standards of conduct that clearly prohibit, at a minimum, the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees on its property or as part of any of its activities;

(B) a description of the applicable legal sanctions under local, State, or Federal law for the unlawful possession or distribution of illicit drugs and alcohol;

(C) a description of the health risks associated with the use of illicit drugs and the abuse of alcohol;

(D) a description of any drug or alcohol counseling, treatment, or rehabilitation or re-entry programs that are available to employees or students; and

(E) a clear statement that the institution will impose sanctions on students and employees (consistent with local, State, and Federal law), and a description of those sanctions, up to and including expulsion or termination of employment and referral for prosecution, for violations of the standards of conduct required by paragraph (1)(A); and

(2) a biennial review by the institution of its program to—

(A) determine its effectiveness and implement changes to the program if they are needed; and

(B) ensure that the sanctions required by paragraph (1)(E) are consistently enforced.

**(b) Availability to Secretary and public of annual distributions and biennial reviews**

Each institution of higher education that provides the certification required by subsection (a) of this section shall, upon request, make available to the Secretary and to the public a copy of each item required by subsection (a)(1) of this section as well as the results of the biennial review required by subsection (a)(2) of this section.

**(c) Regulations; sanctions**

(1) The Secretary shall publish regulations to implement and enforce the provisions of this section, including regulations that provide for—

(A) the periodic review of a representative sample of programs required by subsection (a) of this section; and

(B) a range of responses and sanctions for institutions of higher education that fail to implement their programs or to consistently en-

force their sanctions, including information and technical assistance, the development of a compliance agreement, and the termination of any form of Federal financial assistance.

(2) The sanctions required by subsection (a)(1)(E) of this section may include the completion of an appropriate rehabilitation program.

**(d) Procedures applicable upon termination of financial assistance**

Upon determination by the Secretary to terminate financial assistance to any institution of higher education under this section, the institution may file an appeal with an administrative law judge before the expiration of the 30-day period beginning on the date such institution is notified of the decision to terminate financial assistance under this section. Such judge shall hold a hearing with respect to such termination of assistance before the expiration of the 45-day period beginning on the date that such appeal is filed. Such judge may extend such 45-day period upon a motion by the institution concerned. The decision of the judge with respect to such termination shall be considered to be a final agency action.

(Pub. L. 89–329, title XII, § 1213, as added Pub. L. 101–226, § 22(a)(1), Dec. 12, 1989, 103 Stat. 1938.)

**EFFECTIVE DATE**

Section 22(a)(2) of Pub. L. 101–226 provided that:

“(A) Except as provided in subparagraph (B), the amendment made by paragraph (1) [enacting this section] shall take effect on October 1, 1990.

“(B) The Secretary of Education may allow any institution of higher education until not later than April 1, 1991, to comply with section 1213 of the Higher Education Act of 1965 [this section] (as added by paragraph (1)) if such institution demonstrates—

“(i) that it is in the process of developing and implementing its plan under such section; and

“(ii) it has a legitimate need for more time to develop and implement such plan.”

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 1092 of this title.

**§ 1145h. Grants for campus sexual offenses education**

**(a) Grants authorized**

**(1) In general**

The Secretary of Education (hereafter in this section referred to as the “Secretary”) is authorized to make grants to or enter into contracts with institutions of higher education or consortia of such institutions to enable such institution to carry out sexual offenses education and prevention programs under this section.

**(2) Award basis**

The Secretary shall award grants and contracts under this section on a competitive basis.

**(3) Equitable participation**

The Secretary shall make every effort to ensure the equitable participation of private and public institutions of higher education and to ensure the equitable geographic participation of such institutions in the activities assisted under this section.

**(4) Priority**

In the award of grants and contracts under this section, the Secretary shall give priority to institutions of higher education or consortia of such institutions that show the greatest need for the sums requested.

**(b) General sexual offenses prevention and education grants**

Funds provided under this section may be used for the following purposes:

(1) To provide training for campus security and college personnel, including campus disciplinary or judicial boards, that address the issues of sexual offenses.

(2) To develop, disseminate, or implement campus security and student disciplinary policies to prevent and discipline sexual offense crimes.

(3) To develop, enlarge, or strengthen support services programs including medical or psychological counseling to assist victims' recovery from sexual offense crimes.

(4) To create, disseminate, or otherwise provide assistance and information about victims' options on and off campus to bring disciplinary or other legal action.

(5) To implement, operate, or improve sexual offense education and prevention programs, including programs making use of peer-to-peer education.

**(c) Model grants**

Not less than 25 percent of the funds appropriated for this section in any fiscal year shall be available for grants or contracts for model demonstration programs which will be coordinated with local rape crisis centers for the development and implementation of quality rape prevention and education curricula and for local programs to provide services to student sexual offense victims.

**(d) Eligibility**

No institution of higher education or consortium of such institutions shall be eligible to be awarded a grant or contract under this section unless—

(1) its student code of conduct, or other written policy governing student behavior explicitly prohibits all forms of sexual offenses;

(2) it has in effect and implements a written policy requiring the disclosure to the victim of any sexual offense of the outcome of any investigation by campus police or campus disciplinary proceedings brought pursuant to the victim's complaint against the alleged perpetrator of the sexual offense, except that nothing in this section shall be interpreted to authorize disclosure to any person other than the victim; and

(3) the Secretary shall give priority to those applicants who do not have an established campus education program regarding sexual offenses.

**(e) Applications**

**(1) In general**

In order to be eligible to be awarded a grant or contract under this section for any fiscal year, an institution of higher education or consortium of such institutions shall submit

an application to the Secretary at such time and in such manner as the Secretary shall prescribe.

**(2) Contents**

Each application submitted under paragraph (1) shall—

(A) set forth the activities and programs to be carried out with funds granted under this section;

(B) contain an estimate of the cost for the establishment and operation of such programs;

(C) explain how the program intends to address the issue of sexual offenses;

(D) provide assurances that the Federal funds made available under this section shall be used to supplement and, to the extent practical, to increase the level of funds that would, in the absence of such Federal funds, be made available by the applicant for the purpose described in this section, and in no case to supplant such funds; and

(E) include such other information and assurances as the Secretary reasonably determines to be necessary.

**(f) Grantee reporting**

Upon completion of the grant or contract period under this section, the grantee institution or consortium of such institutions shall file a performance report with the Secretary explaining the activities carried out together with an assessment of the effectiveness of those activities in achieving the purposes of this section. The Secretary shall suspend funding for an approved application if an applicant fails to submit an annual performance report.

**(g) “Sexual offenses education and prevention” defined**

For purposes of this section, the term “sexual offenses education and prevention” includes programs that provide education seminars, peer-to-peer counseling, operation of hotlines, self-defense courses, the preparation of informational materials, and any other effort to increase campus awareness of the facts about, or to help prevent, sexual offenses.

**(h) General terms and conditions**

**(1) Regulations**

Not later than 90 days after July 23, 1992, the Secretary shall publish proposed regulations implementing this section. Not later than 150 days after July 23, 1992, the Secretary shall publish final regulations implementing this section.

**(2) Reports to Congress**

Not later than 180 days after the end of each fiscal year for which grants or contracts are awarded under this section, the Secretary shall submit to the committees of the House of Representatives and the Senate responsible for issues relating to higher education and to crime, a report that includes—

(A) the amount of grants or contracts awarded under this section;

(B) a summary of the purposes for which those grants or contracts were awarded and an evaluation of their progress; and

(C) a copy of each grantee report filed pursuant to subsection (f) of this section.

**(i) Authorization of appropriations**

For the purpose of carrying out this section, there are authorized to be appropriated \$10,000,000 for the fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(Pub. L. 102-325, title XV, § 1541, July 23, 1992, 106 Stat. 834; Pub. L. 103-208, § 2(k)(13), Dec. 20, 1993, 107 Stat. 2486.)

**CODIFICATION**

Section was enacted as part of the Higher Education Amendments of 1992, and not as part of the Higher Education Act of 1965 which comprises this chapter.

**AMENDMENTS**

1993—Subsec. (g). Pub. L. 103-208 substituted “education” for “educational”.

**EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-208 effective as if included in the Higher Education Amendments of 1992, Pub. L. 102-325, except as otherwise provided, see section 5(a) of Pub. L. 103-208, set out as a note under section 1003 of this title.

**§ 1146. Contract authority**

The authorization to enter into contracts or other obligations under the Act, as amended by this Act, shall be effective for fiscal year 1981 and any succeeding fiscal year only to the extent or in such amounts as are provided in advance in appropriation Acts.

(Pub. L. 96-374, title XIII, § 1392, Oct. 3, 1980, 94 Stat. 1504.)

**REFERENCES IN TEXT**

The Act, as amended by this Act, referred to in text, means the Higher Education Act of 1965, Pub. L. 89-329, Nov. 8, 1965, 79 Stat. 1219, as amended by the Education Amendments of 1980, Pub. L. 96-373, Oct. 3, 1980, 94 Stat. 1367, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 1001 of this title and Tables.

**CODIFICATION**

Section was enacted as part of the Education Amendments of 1980, and not as part of the Higher Education Act of 1965 which comprises this chapter.

**PRIOR PROVISIONS**

A prior section 1146, Pub. L. 89-329, title XII, § 1206, as added Pub. L. 90-575, title II, § 292, Oct. 16, 1968, 82 Stat. 1050, provided for dissemination of information and authorization of \$2,000,000 for fiscal year ending June 30, 1970, and such amount as Congress might authorize for fiscal year ending June 30, 1971, prior to repeal by Pub. L. 91-230, title IV, § 401(d)(5), Apr. 13, 1970, 84 Stat. 173.

**EFFECTIVE DATE**

Section effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

**§ 1146a. Contracting authority subject to appropriations**

The authority to enter into contracts or other obligations under this Act (other than amendments made to part B of subchapter IV of this

chapter) shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

(Pub. L. 99-498, §3, Oct. 17, 1986, 100 Stat. 1278.)

#### REFERENCES IN TEXT

This Act, referred to in text, means Pub. L. 99-498, Oct. 17, 1986, 100 Stat. 1268, known as the Higher Education Amendments of 1986. For complete classification of this Act to the Code, see Short Title of 1986 Amendment note set out under section 1001 of this title and Tables.

#### CODIFICATION

Section was enacted as part of the Higher Education Amendments of 1986, and not as part of the Higher Education Act of 1965 which comprises this chapter.

### §§ 1147 to 1150. Repealed. Pub. L. 91-230, title IV, § 401(b), Apr. 13, 1970, 84 Stat. 172

Sections 1147 to 1150, Pub. L. 89-329, title XII, §§1207-1210, as added Pub. L. 90-575, title II, §295, Oct. 16, 1968, 82 Stat. 1051, 1052, provided for program planning and evaluation for higher education programs; advance funding; evaluation reports and Congressional review; and availability of appropriations on academic or school year basis.

## CHAPTER 29—INTERNATIONAL STUDIES AND RESEARCH

### § 1171. Omitted

#### CODIFICATION

Section, Pub. L. 89-698, §2, Oct. 29, 1966, 80 Stat. 1066, which set out the Congressional findings and declaration of purpose in providing for a program of international studies and research, was omitted in view of the repeal of the remaining sections of this chapter by Pub. L. 96-374, title VI, §601(c)(2), Oct. 3, 1980, 94 Stat. 1472.

### §§ 1172 to 1174. Repealed. Pub. L. 96-374, title VI, § 601(c)(2), Oct. 3, 1980, 94 Stat. 1472

Section 1172, Pub. L. 89-698, title I, §101, Oct. 29, 1966, 80 Stat. 1066, made provision for a program of international studies and research involving operation of centers for advanced international studies. See section 1123 of this title.

Section 1173, Pub. L. 89-698, title I, §102, Oct. 29, 1966, 80 Stat. 1067, provided for undergraduate programs in international studies. See section 1124 of this title.

Section 1174, Pub. L. 89-698, title I, §103, Oct. 29, 1966, 80 Stat. 1068; Pub. L. 91-230, title IV, §401(c)(7), Apr. 13, 1970, 84 Stat. 173, authorized payment in installments and in advance or by way of reimbursement.

#### EFFECTIVE DATE OF REPEAL

Sections repealed effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

### § 1175. Repealed. Pub. L. 91-230, title IV, § 401(f)(7), Apr. 13, 1970, 84 Stat. 174

Section, Pub. L. 89-698, title I, §104, Oct. 29, 1966, 80 Stat. 1068, prohibited Federal control of education (curriculum, program of instruction, administration, personnel of any educational institution, selection of library resources, and content of any material developed or published), and was superseded by section 1232a of this title.

### §§ 1176, 1177. Repealed. Pub. L. 96-374, title VI, § 601(c)(2), Oct. 3, 1980, 94 Stat. 1472

Section 1176, Pub. L. 89-698, title I, §105, Oct. 29, 1966, 80 Stat. 1068; Pub. L. 90-575, title V, §502, Oct. 16, 1968,

82 Stat. 1062; Pub. L. 92-318, title I, §183, June 23, 1972, 86 Stat. 312; Pub. L. 94-482, title III, §303, Oct. 12, 1976, 90 Stat. 2216, authorized appropriations and provided for an annual report to Congress. See sections 1125 and 1127 of this title.

Section 1177, Pub. L. 89-698, title I, §106, Oct. 29, 1966, 80 Stat. 1069; Pub. L. 91-230, title IV, §401(h)(5), Apr. 13, 1970, 84 Stat. 174, provided for creation of a National Advisory Committee on International Studies. See section 1131 of this title.

#### EFFECTIVE DATE OF REPEAL

Repeal effective Oct. 1, 1980, see section 1393(a) of Pub. L. 96-374, set out as an Effective Date of 1980 Amendment note under section 1001 of this title.

## CHAPTER 30—BASIC EDUCATION FOR ADULTS

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